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Both Sides In Sarajevo Surrender Some Arms

UN General Accuses
Renegades of Trying
To Sabotage Cease-Fire

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — The United Nations commander in Sarajevo accused renegade troops Friday of trying to sabotage the new cease-fire in the city, but peacekeepers were modestly encouraged as warring Muslim and Serbian soldiers began turning in some of their heavy weapons.

The commander, Sir Michael Rose, said he was "reasonably satisfied" with the truce that began Thursday, although he was angered by a burst of shelling and machine-gun fire overnight.

Serbian troops and forces of the Muslim-led government blamed each other for the violations, but the United Nations said both sides were responsible.

"A comparatively small number of rounds have been fired since the start of the cease-fire — as far as I can judge, as many out of the city as into the city," Lieutenant General Rose said. "It seems quite extraordinary that renegade military units are attempting to sabotage the

President Clinton and Yeltsin make a difficult connection. • Washington is willing to lift sanctions on Serbia, but by bit. Page 2.

cease-fire and thus prolong the suffering of their own people in Sarajevo.

As the cease-fire took hold, French soldiers began sweeping for mines in the bombed-out Dobrinja housing project outside Sarajevo. Government and Serbian fighters glowered at the peacekeepers through blackened window frames on either side of the front line.

In an atmosphere of mutual suspicion at Tito Barracks, in government-held territory, the Bosnian Army turned over two 120mm mortars and an 82mm mortar. The Serbs surrendered 15 weapons, including a multibarreled rocket launcher.

No one knows how many heavy weapons the government forces have in Sarajevo, but it is a fraction of the Serbs' firepower in the hills surrounding the city.

"We hope this is just the beginning of a transition from war to peace in Sarajevo and the rest of Bosnia," a UN military observer said, as he inspected the weapons.

Serbian troops also began handing over heavy weapons to UN control at a former Yugoslav Army barracks in Lukavica, a few kilometers southwest of the city, UN sources said.

Seven Serbian guns, including a rocket launcher and mortars, were delivered there on Friday, and peacekeepers said they expected another seven heavy weapons before the end of the day.

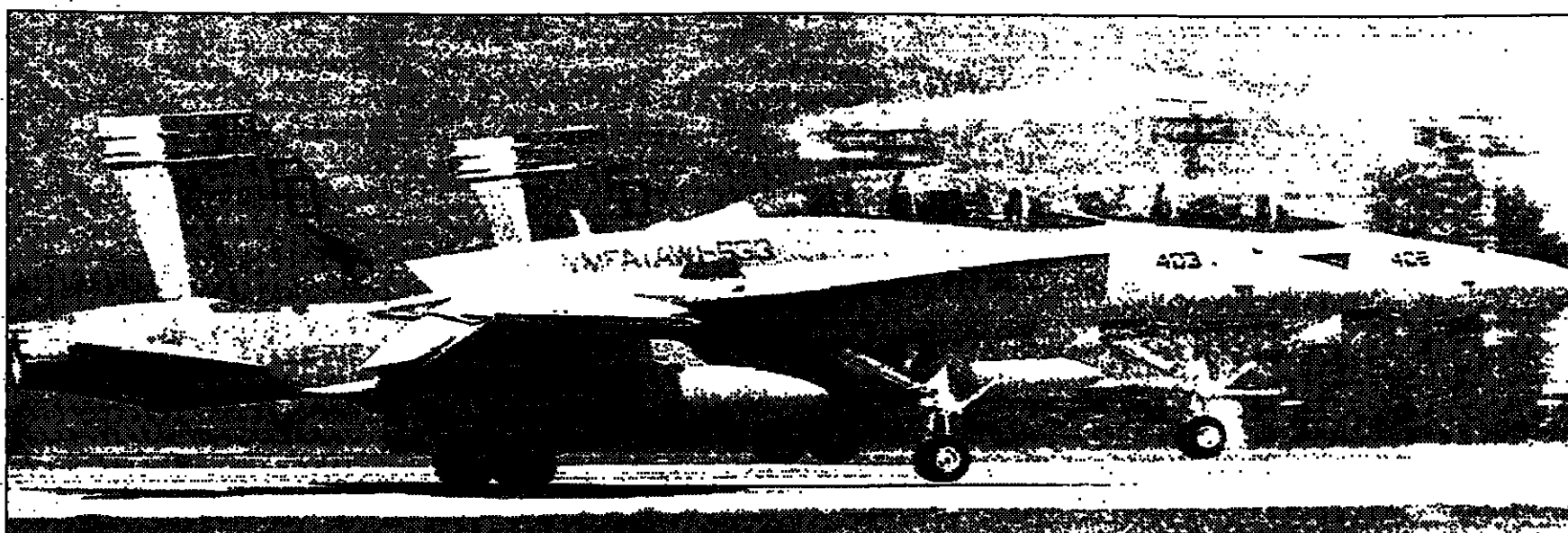
UN forces built two observation bunkers on the Bosnian government side of the Brotherhood and Unity Bridge, a flashpoint in the fighting that was occupied and swept for mines Thursday by French peacekeepers.

Government soldiers at a nearby abandoned school said hardly any bullets had been fired by the Serbs all day.

"We still don't trust them, but at least the UN is doing something concrete for the first time in 22 months," said a government soldier. "I feel secure," said Ferid Hodzic, 38, a civilian who lives near the school. "The last two days, I have been feeling like the war is over and peace is returning to Sarajevo."

If the truce holds, and Serbian forces place their siege guns around Sarajevo under UN

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Two U.S. fighter-bombers taking off Friday from the Aviano air base in northern Italy. They were on a control mission over Bosnia as NATO moved to reinforce air power in the area.

NATO Sends Carriers and Jets to Bolster Air Power

By Alan Cowell

New York Times Service

ROME — Aircraft carriers from Britain and France headed for the Adriatic on Friday and the United States prepared to reinforce fighter planes at bases in Italy as the Western allies began the countdown to their deadline for Bosnia Serbs to lift the siege of Sarajevo, according to Western military officials.

The officials, who spoke in return for anonymity, said Western military flights over Bosnia — part of a nine-month operation to stop intrusions into Bosnian airspace — had doubled to 60 or 70 a day since the North Atlantic Treaty Organization moved toward threatening air strikes if the siege was not lifted by Feb. 21.

"We have been ready for a long time," an official said. "We are going to be boosting the force levels a bit more."

The United States already has an array of air power based in Italy, including F-16, F/A-18 and A-10 warplanes, EC-130 flying command centers and powerful AC-130 gunships. Additionally, the aircraft carrier Saratoga is in the Adriatic with its complement of warplanes.

In addition, the Pentagon is sending eight F-15E strike aircraft to Italy. The Associated Press reported from Washington. The F-15Es, the strike version of the famed "Eagle" fighter jet, are the most sophisticated warplanes in the U.S. Air Force, with increased capabilities for targeting and longer range for bombing runs.

Washington is also sending two additional AC-130 gunships to the air base at Brindisi, in southern Italy, and two more EC-130 Airborne Battlefield Command and Control Center aircraft to Aviano, in northern Italy. The deployment will bolster the number of NATO aircraft in the region to 146 fighters and bombers, from 120, the official said.

Dutch, Turkish, French and British warplanes have also been flying over Bosnia as part of Operation Deny Flight, while NATO electronic surveillance AWACS planes cruise over Hungary and the Adriatic around the clock to pinpoint military movements.

But, according to pilots at the Aviano air base, a prime concern is not so much their ability to knock out Bosnian Serb artillery as to protect UN troops on the ground from reprisals.

Their potential Bosnian Serb adversaries are equipped with both ground-launched and shoulder-launched, heat-seeking missiles. Moreover, they can take advantage of terrain that, unlike the deserts of Kuwait in the Gulf War, permits Bosnian Serbs to hide artillery in wooded and hilly country or even among civilian populations.

Western officials, however, said U.S. and other NATO pilots were "trained to cope with the missiles."

"They know the countermeasures to take. That doesn't mean it's not risky."

Military officials said the British aircraft carrier

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Radovan Karadzic, the Bosnian Serbs' representative, waving off reporters Friday in Geneva as he headed for a conference session.

U.S. Gives New Dynamism to Peace Talks

By David B. Ottaway

Washington Post Service

GENEVA — Peace talks on Bosnia took a new turn here Friday with the start of active U.S. participation on the side of the Muslim-led Bosnian government in the search for a settlement to the 22-month-old fighting there.

The American involvement seems certain to add a new dynamic to the deadlocked negotiating process and may lead to a new delay as the Bosnian government seeks to work out a revised set of objectives and demands with the United States.

It could lead to substantial revisions of the peace plan under discussion since both the Bosnian government and the Clinton administration have indicated their strong reservations about its underlying principles.

The new U.S. role in the negotiations was signaled here with an appearance before the media of the special U.S. envoy to the peace

talks, Charles Redman, standing beside the clearly delighted Bosnian prime minister, Haris Silajdzic.

Mr. Redman said that the United States wanted to "add our weight to the diplomatic process and see what we can do."

The objective, he said, was to "produce the kind of results the Bosnians have been looking for." At another point he described the U.S. aim as "a good negotiated solution and surely one that takes account of the Bosnians."

"We're really at the start in a way of a new phase, at least as far as the United States is concerned," he added.

The leader of the Bosnian Serbs, Radovan Karadzic, sought to play down the new American involvement, saying "They have always been involved on the Muslim side."

Mr. Redman said he had already begun exploratory talks with the Bosnian delegation regarding its negotiating position and described

the new U.S.-Bosnian relationship as "extremely professional."

"It reflects the central friendship between the United States and Bosnia," he said.

For the Bosnians, the active intervention of the United States on its side is a dream come true, something they have been working hard to achieve since the start of these negotiations 18 months ago.

The Bosnians, the main victims of the war, have felt abandoned by the United States and Europe in their battle to regain the lands and towns that the Bosnian Serbs "ethnically cleansed" of their Muslim population.

In addition, the Bosnians have always regarded the chief international negotiator, Lord Owen, as hostile and repeatedly asked for his replacement.

Lord Owen publicly welcomed the U.S. involvement.

See TALKS, Page 4

As Hairlines Recede, So Do Paychecks Incomes of Middle-Aged U.S. Men Are Falling Steeply

By Louis Uchitelle

New York Times Service

NEW YORK — For the first time since World War II, college-educated men in their late 40s and early 50s — normally the prime earning years — are suffering a steep decline in wages, finally getting caught in the downward mobility that has hit most other groups of male workers.

This is the generation that got its university degrees in the prosperous 1960s and entered corporate jobs confident of steady promotions and rising incomes into their mid-50s. Instead, those promotions and rising incomes have stopped.

Much anecdotal evidence has documented this setback, particularly stories of middle-aged men forced out of managerial jobs and into lower-paid work or unemployment. But only now is the extent of the damage to incomes showing up in government data.

"This was the first generation to be widely educated in college," said Katherine Newman, a social anthropologist at Columbia University, who has studied their lives. "They followed the recommended path, but

their education has failed to insulate them. And they are getting hurt just at the age when they had counted on rising incomes to educate their children and to save for retirement."

In the United States, this group represents 2 percent of the labor force and is composed of 2 million men aged 45 to 54, with four years of college but no postgraduate study. The vast majority are white; only 150,000 are black or Hispanic.

From 1986 through 1992, the median income of men then in this age group fell by 17 percent, after adjusting for inflation, to \$41,896, according to data collected by the Census Bureau. Most of the decline of \$8,800 came after 1989.

The bureau does not tabulate or publish these data. But two economists, Frank Levy of the Massachusetts Institute of Technology and Richard J. Murnane of the Harvard Graduate School of Education, saw the trend in their own recent tabulations of the data.

"We are finding that the standard pattern for educated labor, where

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Dow Jones	Trib Index
Down 0.56	Down 0.08%
3,894.78	115.96

The Dollar	Feb. close	previous close
New York	1.754	1.754
DM	1.4627	1.4625
Pound	1.0710	1.0725
Yen	5.5685	5.5655

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 40 L Fr
Antilles.....11.20 FF	Morocco.....17 Dh
Cameroun.....1.400 CFA	Qatar.....4.00 Rials
Egypt.....E.P. 5000	Saudi Arabia.....11.20 FF
France.....9.00 FF	Senegal.....900 CFA
Gabon.....960 CFA	Spain.....200 PTAS
Greece.....300 Dr.	Tunisia.....1,000 Din.
Ivory Coast.....1.120 CFA	Turkey.....T.L. 12,000
Jordan.....1.40 U.S.E.	U.S. Mil. (Eur.) \$1.70
Lebanon.....US\$ 1.50	

Kiosk

U.S. Wholesale Inflation Rises 0.2%

WASHINGTON — The price wholesalers pay for goods rose 0.2 percent in January, with a drop in food prices offsetting the biggest jump in gasoline prices in more than three years, the government said Friday.

Excluding the volatile food and energy sectors, the Producer Price Index rose 0.4 percent.

If the January gain were to continue for the entire year, it would mean inflation at the wholesale level would be 2.9 percent.

Economists were divided on whether the data offered signs of new inflationary pressures. Some said the decline in food prices masked increases in other sectors that were likely to continue, but others said the PPI tends to show greater gains in the early part of the year before tapering.

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Coming on Monday

PATRICIA WELLS

In her continuing search for the world's top restaurants, Patricia Wells turns to Belgium, Luxembourg and The Netherlands.

Art

European architecture and art in a Paris exhibition.

Book Review

Crossword



The U.S. speed skater Dan Jensen, the 500-meter record-holder, practicing Friday in Hamar, Norway, on the eve of the Winter Games. Complete Olympic coverage, Page 18.

Summit Fails To Produce U.S.-Japan Trade Accord

Clinton Is Considering
Countermoves After
Talks With Hosokawa

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton and Prime Minister Morihiro Hosokawa failed during a summit meeting Friday to settle their countries' deep-seated differences on trade.

Saying it was "better to have reached no agreement than an empty agreement," Mr. Clinton announced that the two sides had not been able to reach an accord in any of four key areas targeted last July.

"Japan's offers made in these negotiations simply did not meet the standards agreed to in Tokyo," President Clinton said.

He was referring to the so-called framework deal under which Japan pledged last summer to open its market more fully in four areas.

Regarding possible U.S. retaliation, Mr. Clinton said: "I'm not prepared to say yet. We have to think about that."

Earlier, the U.S. trade representative, Mickey Kantor, said "all options" remained open.

Commerce Secretary Ronald H. Brown had said the United States would not rule out using the currency market to push the yen higher if the trade talks failed.

Mr. Brown said that the United States was studying all options, including action on the exchange markets, to "correct this unacceptable trade imbalance between the U.S. and Japan."

In New York, the dollar finished the day at 107.18 yen, down from a close of 108.25 yen on Thursday. (Page 10)

Mr. Hosokawa confirmed that no accord had been reached, but added that the failure should not lead to a trade war between the two economic superpowers.

The prime minister said that although his government could not accept numerical targets for increasing purchases of American goods, he still believed the trade deficit between the two countries would come down.

"We should in no way allow this to undermine the strong and friendly relationship between our two countries," Mr. Hosokawa said.

Mr. Clinton went into the meeting intending to pressure Mr. Hosokawa to open Japanese markets to American goods. The four major sectors under discussion were: government procurement of medical equipment, telecommunications, insurance deregulation, and autos and auto parts.

While Mr. Clinton wanted measurable results in cutting the trade gap, Mr. Hosokawa said such cuts would be arbitrary and that trade was a private-industry activity that his government did not control.

He repeatedly urged that the United States and Japan work on improving trade relations, rather than setting targets for the trade imbalance.

On Thursday, the Commerce Department will report the 1993 U.S. trade deficit with Japan, which looks certain to set a record. During the first 11 months of the year, the United States had a \$54 billion trade deficit with Japan. Many analysts expect the gap for the full year to reach \$60 billion.

The White House National Economic Council, a coordinating body, also met Friday to consider how Washington should respond to the failure of the trade talks.

Leading U.S. lawmakers, including the leader of the majority Democrats in the House, Richard A. Gephardt of Missouri; the chairman of the House Ways and Means Committee, Dan Rostenkowski of Illinois; and the Senate

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In Lillehammer, The Games Go Back to Nature

By William Drozdiak

Washington Post Service

LILLEHAMMER, Norway — In this land of pristine fjords and virgin forests, it was perhaps natural that the citizens would try to stage the most environment-friendly Olympics in history. But nobody thought they would go this far.

Plates and eating utensils consist of potato and corn starch so they can be ground into animal fodder. Several hundred tons of garbage from the Games will be transformed within three weeks into earth. Billboards, signs and posters will be recycled into cardboard.

"Green" has become a new watchword for the Olympics, even as the Games scale new heights in mass marketing and materialism. The International Olympic Committee acknowledged that Sydney was selected as the site for the 2000 Summer Games largely because of its ecological emphasis.

Seeking to deflect growing criticism of the Games as a spectacular jamboree for big-business interests, the IOC chairman, Juan Antonio Samaranch, said last year that a responsible approach to the environment would become an important criterion in the future of the Olympics.

In Norway's case, the quest for a happy marriage between nature and the Games came after it recognized that Lillehammer's successful bid would pose grave risks as well as great opportunities for its 4 million citizens.

Even before Lillehammer was selected in 1988, Norwegians were becoming alarmed by outside forces spoiling their natural paradise. Pollution from Russia's Kola Peninsula has inflicted serious acid-rain damage on Norway's lakes and trees. The Chernobyl nuclear accident deposited so much cesium over Norway that the level of radioactivity in reindeer meat.

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THE AMERICAS / 'TALKING LAME MAN'

Once-Defiant George Wallace Hears Echoes of His Past in Politics of Today

By Peter Applebome
New York Times Service

MONTGOMERY, Alabama — His thoughts, he says, are more on the next world than this one, but as he lies beneath a brooding cloud of smoke from his Garcia y Vega cigars, George Corley Wallace is still hoping for redemption before death as well as after it.

"They all talking like me," he gasped, pushing out his words in short, breathless bursts. "Nixon. Reagan. Clinton. Welfare reform. Crime. Big government. Taxes on the middle class. They all saying now what I was saying then."

For those who remember him as the defiant voice of the segregated South in his death throes, there is little that appears familiar in the tired man in the wheelchair, who spends most of his time with black aides and talks of his commitment to racial harmony.

But just over two decades after a gunman's bullets tore into his spine and ended his national political aspirations, Mr. Wallace lives on, a presence at once ghostly and eerily up to date, whose political legacy says as much about recent political history as it does about him.

And if his version of his own history is a predictably sanitized one, it is hard to dispute that Mr. Wallace's presidential campaigns, in a particularly raw form, presaged much of the politics since.

He was the first to mobilize the blue-collar white voters who came to be known as Reagan Democrats, the first to tap into the angry disaffection with Washington that has come to dominate the nation's politics, and the first national figure to jab a cattle prod into issues like crime,

race and welfare that still resonate in more polite forms a quarter-century later.

"It is difficult to conceive of what American politics of the 1960s, '70s and '80s would be like without George Wallace," said Dan Carter, a professor of history at Emory University who is writing a biography of Mr. Wallace.

"I don't think there's a single issue that Nixon and Reagan talk of in terms of social issues that he doesn't get to first," Mr. Carter said.

A new biography, "George Wallace: American Populist," by Stephen Lesher, comes to the same conclusion. No fiction could surpass the morality play that has been the life of Mr. Wallace. First was the man who bled into a cold January wind, "Segregation now, segregation tomorrow, segregation forever." The year was 1963, and Mr. Wallace was delivering his first inaugural address as governor of Alabama.

Then came the razor-edged, rightist populism of two presidential campaigns in 1968 and 1972 when he lambasted "pointy-headed intellectuals," "loose-minded, high-livin' liberals" and "briefcase-totin' bureaucrats."

Five bullets fired by Arthur H. Bremer at a Laurel, Maryland, shopping center on May 15, 1972, ended it all, beginning a long, painful effort to make amends and find peace that continues still.

At the age of 74, Mr. Wallace is paralyzed from the waist down, in considerable pain and almost totally deaf. He suffers from Parkinson's disease and arthritis, and his faint features have long since given way to a jowly old age.

He now goes to his office at Troy State University in Montgomery two or three times a week and eats lunch most days at Morrison's Cafeteria or Martin's Cafeteria.

Most weekends he is strapped down in his van and driven to his hometown of Clio, 60 miles (100 kilometers) southeast of Montgomery, stopping to eat at Wilson's Barbecue in Troy along the way.

A few months back, he accepted an invitation to attend the National Black Mayors' Conference in Tuskegee.

But he rarely makes public appearances and communicates only by responding to written notes. Instead, he spends much of his time at home in an adjustable hospital bed, lighting up his cigars with a "Wild Turkey" lighter, watching CNN, and brooding about his place in history.

"The New York Times, the Eastern establishment newspapers never did understand that segregation wasn't about hate," he said, his eyes watery but clear. "I didn't hate anybody. I don't hate the man who shot me. When I was young, I used to swim and play with blacks all the time. You find more hate in New York, Chicago, and Washington, D.C., than in all the Southern states put together."

It is a theme he has voiced for 30 years, and historians may forever debate how much of his defense of segregation reflected bigotry, how much was a cynical political gambit and how much reflected the rage that surged through the South at the specter of Northerners telling them how to run their society.

Mr. Wallace maintains that he supported segregation not because of racism but because he believed — incorrectly, he now says — it was best for whites and blacks.

But just as it is indisputable that he inflamed ugly racial issues as few national politicians have, it is also true that he has spent the last two decades seeking redemption, appearing at black churches, forging political alliances with blacks and being elected to his fourth term as governor in 1982 largely because of black support.

On some level he knows, as Mr. Lesher's book says, that "Like the imagined indelible bloodstain on Lady Macbeth's hands, the stains of racism on Wallace's reputation will never be washed away."

Still, he argues his case.

One by one, he calls in his two black attendants, Eddie Holcey and Jimmy Dallas, and a black state trooper, Benjamin Hamilton, asking them if he hates blacks.

They roll their eyes, partly at the question, partly at the tableau in which they are actors, and say no, he does not.

"Segregation was wrong," he said, as he has for much of his life since the shooting. "But I didn't bring segregation about. It was there when I got to the governor's office. It's gone, and I'm glad it's gone. It's so much better to see people together the way they are now."

Even before he was shot, Mr. Wallace realized he had made a Faustian bargain with race. It added a visceral intensity that fueled his national candidacy, but it left him too far outside the political mainstream to be elected president.

But aside from his stand on segregation and the air of raw menace that pervaded his national campaigns in 1968

and 1972, there is little in those races that is not strikingly contemporary.

"What are people going to worry about in the '90s?" he said in a 1970 interview with The New York Times in which he predicted a conservative backlash against liberal social policies and a national tax revolt. "Why, about the things in our program — taxes, law and order, local control of government and other institutions."

Asked in a recent interview what his main issue would be today, he returned to a favorite theme and said, "Changing our assinine tax structure and stop taxing the middle class."

Asked about political figures, he is generally approving of President Bill Clinton, less so of former President Ronald Reagan, whose economic policies he says are responsible for the high federal deficit.

Not long ago, Mr. Wallace made one of his few public appearances in recent years, appearing at a local mall with Mr. Lesher to autograph copies of the biographer's book.

He came bearing a prepared statement. On segregation, he was contrite: "I was wrong, and I'm sorry. I don't expect people to forget words and deeds that might have hurt them, but I ask that they try to remember actions designed to help them."

On race, he sounded like a New Democrat. "I'm frankly concerned that much of this country is turning away from trying to overcome our differences and is retreating to resegregation," he said. "If it was wrong when I was supporting it, it's no less wrong now."



CARNIVAL BEGINS — Mayor César Maia of Rio de Janeiro giving a key to the city to the pre-Lenten festival's king and queen.

In U.S. Gene Fight, Patent Not Pending

By Rick Weiss

WASHINGTON — After more than a year and half of legal maneuvering and scientific controversy, the National Institutes of Health has decided to give up its effort to obtain patents on thousands of pieces of human DNA discovered by federal gene hunters.

In so doing it effectively surrendered any profits that might have accrued from the discoveries.

"I do not believe that patenting at this stage promotes technology development, and it may impede important research collaborations here and internationally," said the institutes' director, Harold Varmus.

The decision marks a turning point in an acrimonious debate over the legal and ethical merits of patenting fragments of genetic material, no matter how valuable they may prove to be. Patent holders get exclusive rights to the use of their discovery for 17 years.

In a few cases so far, rights to newly discovered genes have translated into highly profitable diagnostic tests or medicines, such as the blood-clotting factor for hemophiliacs.

Patents have been awarded for complete human genes — the long stretches of DNA that tell cells what to do. But the patentability of portions of genes has remained unresolved since the institutes first

put the question to the patent office in 1991. Opponents of such patents have argued that biomedical research would be stymied if such fundamental pieces of life were subject to monopoly ownership.

Despite the institutes' decision, the question of the patentability of gene fragments is not about to disappear. Noting that private and academic research institutes are actively pursuing such DNA patents, Dr. Varmus called for continued public dialogue on the issue.

He said scientists might be less inclined to pursue certain research if they were afraid of being locked out of rewards by others who had gained patent rights to the strands of DNA they were working on.

Many scientists agreed. "I think Dr. Varmus made exactly the right decision," said Eric S. Lander, director of the genome center at the Whitehead Institute for Biomedical Research in Boston. "It's easy today to find sequences of genes, but it's still very hard to find uses for these genes. So to grant a monopoly to a discoverer of a sequence is silly. We need to offer incentives to inventors who can find uses in human health."

Patent proponents, however, have argued that patent law actually enhances the sharing of new information, because it requires that the details of a discovery be made public after a patent is granted.

Court Rejects Limits on Congressional Terms

By Dan Balz
Washington Post Service

WASHINGTON — A federal judge has dealt a sharp setback to the movement to limit politicians' terms, ruling that the state of Washington's law capping congressional terms is unconstitutional.

The measure, approved as a ballot initiative by Washington state voters in 1992, would limit House members to three two-year terms over 12 years and members of the Senate to two six-year terms over 18 years.

Known as Initiative 573, the law is similar to initiatives approved in 14 other states since 1990 as part of a grass-roots rebellion against political incumbents.

The Washington case has been closely watched by both sides of the fight as the first step in resolving whether the constitution would bar the electorate from imposing such limits on incumbents.

Among those who challenged the measure in court was the House speaker, Thomas S. Foley. Democrat of Washington, who would have to retire in 1998 if the law is upheld.

District Judge William L. Dwyer, in a broad ruling, said Thursday the Washington term limits initiative was unconstitutional because it wrongly tried to add qualifications for congressional candidates beyond those stipulated in the constitution — age, citizenship and residency in the state represented.

"A state may not diminish its voters' constitutional freedom of choice by making would-be candidates for Congress ineligible on the basis of incumbency or history of congressional service," Mr. Dwyer wrote.

The judge also said the measure violated the First and 14th Amendments to the constitution, describing the term limits initiative as imposing "unduly restrictive" ballot access requirements on incumbent candidates and inimical to the "freedom of association" guaranteed by the First Amendment.

He said the term limits initiative "is aimed not at achieving order and fairness in the process of elections but at preventing a disfavored group of candidates from being elected at all."

U.S. 'Edits' Bill on Gays To Placate 2 Senators

By Ruth Marcus
Washington Post Service

WASHINGTON — The Clinton administration has agreed to delete language from its regulations on homosexuals in the military stating that "homosexual orientation" alone is not a bar to service.

But administration officials contended the difference was an editing change that had no effect on the substance of the regulations.

The move came in response to complaints from Republican senators about the new regulations and appeared to end the emotional debate over a subject that has dogged the Clinton administration since it took office.

POLITICAL NOTES

White House Spins the Record

WASHINGTON — The White House concedes that it deleted the word "lie" four times in issuing a sanitized electronic version of a press release attacking a critic of President Bill Clinton's health plan.

"We reserve the right to edit," said the White House press secretary, Dee Dee Myers, after an official denied that a change had been made.

The alteration has angered at least one computer buff, a California lawyer, Justin Roberts. He suggests that the White House isn't being completely honest on the subject of lies.

"Let's not use the 'information superhighway' to distort public documents," he said.

Mr. Roberts said he had been surprised when he dialed up White House documents on his computer and found a watered-down version of a press release denouncing a New York scholar, Elizabeth McCaughey, for an article she wrote on the health-care plan in The New Republic magazine.

The original 10-page White House press release had used the phrases "blatant lie" and "yet another lie" to dismiss her criticism of the plan and was widely distributed in Washington.

The version available to subscribers of on-line computer services was far milder, replacing "blatant lie" with "that is wrong" and other less controversial language. (AP)

Republicans Delay Talbott Vote

WASHINGTON — The nomination of Strobe Talbott as deputy secretary of state is on hold for a couple of weeks.

The Senate was set to take a quick vote on the nomination Thursday, but Republicans blocked it. Lawmakers agreed to vote on the former journalist's nomination Feb. 22, the day they return from a Presidents' Day recess.

The Republican objection was announced by the party leader in the Senate, Bob Dole of Kansas. He did not say which Republican had thwarted the vote. (AP)

Quote/Unquote

Mr. Dole: "Unfortunately, our image and position abroad is on the same downward spiral as during the Carter years, when the United States was feared by none, respected by few and ignored by many. The bottom line is that America, under the Clinton administration, is abandoning American leadership at the United Nations, at NATO and around the globe." (AP)

Away From Politics

● A reporter who was jailed for refusing to testify before a grand jury, was released Thursday. Lisa A. Abraham, a reporter for The Tribune Chronicle of Warren, Ohio, served 22 days in jail, longer than any U.S. reporter in a decade. A prosecutor had tried to compel her to testify about an indicted county official she had interviewed.

● The state of Florida, arguing that the federal government should bear the costs of illegal immigration, has begun denying foster care to immigrant children who are in the state illegally.

● Pregnant women who smoke 10 or more cigarettes daily have children with significantly lower intelligence than the children of nonsmokers, according to a study by Cornell University and the University of Rochester. (NYT, AP)

Texas Senator Is Acquitted

FORT WORTH, Texas — Senator Kay Bailey Hutchison, a Republican, was acquitted of criminal ethics charges Friday because the prosecution gave up before trial, ending months of wrangling over her tenure as state treasurer. Prosecutors decided not to proceed because the judge refused to rule on whether evidence seized in a raid of the state treasury could be used.

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YACHT SALES • CHARTER • MANAGEMENT

AMERICAN TOPICS

Speed of Electronic Returns Leaves IRS Open to Fast Fraud

The U.S. Internal Revenue Service's four-year-old system for allowing taxpayers to file their returns electronically has brought with it a wave of fraud that cost \$24 million last year, federal investigators say. Electronic returns are issued so quickly that the service cannot check all of them in time to catch thieves.

False filing by computer more than doubled last year, the Los Angeles Times reports. The service "has perfected the art of using its computers to give out tax refunds quickly without making a corresponding effort in the area of fraud control," said Representative J.J. Pickle, Democrat of Texas and chairman of the House Ways and Means oversight subcommittee.

Theft is relatively easy because the IRS often has as little as two days to investigate and stop a fraudulent refund after an electronic filing, compared with four to eight weeks for the traditional paper return.

Last year, 12 million of the 115 million individual returns were filed electronically.

Short Takes

Should pilots be examined for personality defects as well as mental and physical problems? On Dec. 1 an Express II commuter plane crashed near Hibbing, Minnesota, killing all 18 people aboard. Speculation about the cause initially focused on icy weather, but colleagues of the pilot, Marvin Felitz, said he was an angry man, deliberately jostling passengers to spite his employer and sometimes bullying or striking his co-pilots. They said he was in an especially foul mood the day of the accident because he had been assigned to fly on his day off the following day.

Colleges and universities are streamlining the admissions process in the increasingly competitive world of college recruitment. Many schools are giving students a decision earlier. Others are accepting applications by computer, or giving instant estimates of financial aid. Filling out the forms is also getting simpler. And colleges are increasingly

using a common application form produced by the National Association of Secondary School Principals.

Actors who lose or gain weight for a role obviously have their hearts in their work — so much so that they often win awards. The New York Times notes, Robert De Niro put on 50 pounds (about 22 kilograms) to portray the aging boxer Jake LaMotta in the 1980 film "Raging Bull" and won an Academy Award. Tom Hanks dropped 30 pounds to play an AIDS sufferer in the new film, "Philadelphia," and quickly won a Golden Globe. Ralph Fiennes put on 30 pounds to play the sadistic Nazi in "Schindler's List," has won awards from the New York Film Critics Circle and is a likely candidate for an Oscar. Liam Neeson, who plays Schindler, refused to put on weight and has thus far won nothing.

Minor-league baseball's Rancho Cucamonga Quakes in California play in a new stadium called the Epicenter. Their mascot is named Tremor and their newsletter is called The Rumbblings.

Arthur Higbee

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De Klerk's Party Enters Race

Compiled by Our Staff From Dispatches
JOHANNESBURG — The governing National Party registered Friday for South Africa's historic election, amid increasing concerns that white extremists would use violence to disrupt the all-race vote.

President Frederik W. de Klerk's party was the fifth to register. The African National Congress, which is expected to sweep the vote April 26 to 28, signed up Thursday, which made it the first formerly banned group to register.

Smaller parties — including the liberal Democratic Party, which was the official opposition during much of the National Party's four decades in power — have also officially committed themselves to run in the first national election to include the black majority.

Under South African law, parties have until Saturday to register. But the government said Thursday that the deadline could be pushed back, and efforts were redoubled to get conservative blacks and whites to participate in the vote.

The rightist Afrikaner Volksfront, which seeks an independent white homeland, said Thursday that it would boycott the vote and work to prevent its taking place. The Volksfront coalition says it represents the nation's 3 million Afrikaners, the descendants of early Dutch settlers.

Ferdinand Hartzenberg, whose pro-apartheid Conservative Party is a member of the Volksfront, said whites would rely on peaceful means to resist the vote, but added, "A little bit of violence might be necessary for defensive purposes."

Whites opposed to majority rule have threatened civil war. They are not considered a major military force, but they could be a serious threat to a fair and peaceful vote.

Meanwhile, the ANC president, Nelson Mandela, made an emotional return Friday to the Robben Island prison colony where he had spent almost a third of his life for fighting apartheid.

The visit on the fourth anniversary of his release from 27 years in prison was a highlight of Mr. Mandela's campaign, which



Nelson Mandela during a campaign visit Friday to Robben Island prison, where he spent 19 of his 27 years in detention.

is expected to carry him to the presidency.

Accompanied by other former political prisoners and a group of journalists, Mr. Mandela visited the prison, on a tiny island 11 kilometers off Cape Town, where he spent 19 of his 27 years of incarceration.

He seized the opportunity to

challenge Mr. de Klerk, who is claiming credit for having destroyed apartheid by turning around the National Party.

"Of course, he had the key to the prison doors," Mr. Mandela said, adding, "That is the only extent to which he was responsible for bringing about change."

(Reuters, AP)

OLD: Receding Wages

(Continued from Page 1)

wages rise with age, is not so true any more," Mr. Levy said.

Both the Census Bureau and the Labor Department have confirmed the findings. "These are middle managers and engineers whose wages have apparently grown beyond their contribution to the company," said Thomas Plewes, an associate commissioner of the Labor Department's Bureau of Labor Statistics.

By comparison, the million or so college-educated women in this age group have seen their inflation-adjusted incomes rise slightly since 1988. But, at \$25,818, their median is still well below that of their male peers — although in many households, the women's earnings have cushioned the men's losses.

Mr. Levy was among the first economists, a decade ago, to spot the downturn in wages that hit workers with only a high school education. It is now taken for granted in America that a high school education is not enough to command a good wage in today's efficient, technology-oriented workplaces.

But in the early 1980s, many economists argued that the problem would pass, that it had grown out of recession and other temporary setbacks and was not a permanent change.

Now the downturn in the wages of college-educated middle-aged workers is beginning to produce similar discussion. There is the argument, for example, that men turning 45 in recent years entered middle age already earning less than men of the same age a decade earlier and that they are the ones dragging down the median income.

They speak of the widespread phenomenon of older, college-educated men who have been laid off from well-paying jobs at large companies and, after months of job hunting, have taken work at lower pay, often at small companies. Or they try to regain their old incomes through self-employment.

Other changes are contributing to the hard times for these middle-aged workers. The oldest "baby boomers" are now in their late 40s, and their numbers are to depress wages, as they have in the past.

In addition, the flood of new technologies enhances the earning power of younger college graduates, who are not only in closer touch with the latest improvements but also willing to accept less pay than older workers seek.

"Perhaps in the past, there was a presumption that if you were older, you were worth more, you were more savvy, more experienced," said Susan Rowland, an executive at the management firm Towers Perrin. "And I think these days the presumption is not necessarily there."

Lyckebj Biopack, which made the 900,000 plates and 3 million knives, forks and spoons that can be fed to pigs or turned into compost, now expects to find lucrative markets abroad for disposable tableware because of its edible components.

"This is a good example of the effect we wanted to achieve," said Sigmund Haugja, the Games' environmental coordinator.

The Lillehammer organizers said they would produce a guide to help future Olympic cities limit damage to nature. The environmental message, they said, will be demonstrated at the closing ceremony.

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Deng's Weakened State Shocks Chinese

Agence France-Press

BEIJING — Deng Xiaoping, long seen as the unchallenged arbiter of political life in China, is now a symbolic leader, aged and weak, diplomats here say.

The shift in perception of Mr. Deng, high-echelon China's unofficial but paramount chief, was dramatically triggered by new television footage late Wednesday that showed how 89 years and a hard life had ravaged him.

Foreign and Chinese viewers were shocked to see Mr. Deng supported at the arms by two of his daughters, with a vacant look in his eyes, walking with fumbling steps, his mouth hanging open.

He was filmed surrounded by well-wishers at a reception in Shanghai to mark the Lunar New Year, in an evening news clip that was no doubt aimed at conveying a message of stability and continuity.

Instead, it left many to ponder on the prospect of change, and to speculate on what shadowy battle for influence may be unfolding behind the scenes.

"He looked like he had one foot in the grave, completely unaware of what was going on around him," a diplomat said.

He added, "The man we saw on TV can no longer be presented as the supreme leader, responsible for top decisions."

Mr. Deng has had no official position in China since 1990, although he is still president of the China bridge players' association. Yet, he has always been seen as remaining at the center of power, thanks to his prestige as one of China's original revolutionary leaders, and his years in power after the death of Mao.

"This may be the last time we see Deng on television," a Chinese journalist said.

"What struck me most were his eyes," a

diplomat said. "They did not turn towards the person speaking to him or who wanted to shake his hand, just as if he were blind."

By comparison, a contemporary and former rival of Mr. Deng's, the economist Chen Yun, 88, seemed in much better shape. He was seen talking brightly and apparently in full possession of his critical faculties.

"It's hard to imagine how anyone can consult Deng on big political questions," the diplomat said. "He's obviously unable to make up his mind, or continue to play bridge for that matter, despite what his relatives and entourage say."

"More likely, it's the entourage which decides things in his name, like Jiang Qing did for Mao before he died."

Jiang Qing, Mao's widow, was one of the extreme left Gang of Four, which used its leverage over the declining Mao to reinforce its campaign against counterrevolutionaries.

TRADE: Clinton and Hosokawa Fail to Bridge Gap at Summit Meeting

Continued from Page 1

finance trade subcommittee chairman, Max Baucus of Montana, have urged tougher trade action against Japan.

Mr. Kantor and Foreign Minister Tsutomu Hata met early Friday in a last-minute effort to reach a trade deal before the summit meeting. That three-hour session ended at about 4 A.M. with no breakthrough. Mr. Kantor said he was "not optimistic" of reaching a deal with Japan in time for the Clinton-Hosokawa meeting.

Mr. Hata, in Washington a day early to try and spur the talks, added to the gloom, saying it was "still uncertain" if the two sides could

break the long impasse in the final few hours.

A U.S. official said the single biggest obstacle was Japan's refusal to agree on indicators to measure progress in opening its markets in several areas.

The leaders of Japan's governing coalition say the political situation at home is so fragile that they need more time to consider the Clinton administration's trade demands. Mr. Hosokawa recently pulled together last-minute agreements with his party on political and tax reform after several setbacks.

He is being forced to move carefully, analysts said, for fear that opening Japanese markets to a flood of American goods would spark a furor

among many industries that would face low-cost competition from American companies.

U.S. officials said the Japanese had been hoping the \$140 billion economic stimulus program they announced last week — to encourage the Japanese to import more — would soften some of the American demands.

But American officials said that they viewed the Japanese stimulus as insufficient because it involved only a one-year tax cut, which is not enough to change spending patterns. As a result, this increased, rather than softened, the Clinton administration's desire to have concrete, measurable market-opening agreements. (Reuters, AP, Bloomberg, NYT)

COUNTDOWN: NATO Sends Carriers and Jets

Continued from Page 1

rier Ark Royal and the French carrier Foch were on their way to the Adriatic.

"We are about to go potentially into the biggest thing NATO has ever been involved in, so you start out big and scale back when you can," said a NATO official.

One advantage perceived by Western military planners is the long period of preparation by U.S. and other Western pilots, who are helped in pinpointing targets by so-called forward controllers already on the ground in Bosnia.

"It's really rather unprecedented in a combat theater to have this dress rehearsal for so long," said a Western official.

"We are intimately familiar with

the terrain and targets," the official said. "The guys who have been flying in Bosnia know the terrain better than the terrain around their home bases."

During Operation Enduring Flight, NATO fliers and intelligence operatives have gathered what they believe to be an accurate picture of Bosnian Serb dispositions and, according to pilots speaking to reporters at Aviano base on Friday, U.S. and other pilots feel they are equipped to hit their targets.

However, a NATO official said, "the issue is the concern of everyone on the ground and their vulnerability to reprisals of some sort."

Apart from military reinforcements, the official said, Admiral Jeremy M. Boorda of the U.S. Navy, the commander in chief of

NATO forces in the region, has twice visited UN commanders in Zagreb, Croatia, while other senior U.S. officers have visited commanders in Sarajevo to make sure that everybody understands what NATO has decided.

Essentially, that was that "we are in a position to respond" to UN commanders requesting air strikes, a NATO official said, "but they must ask. We are not in a position to do anything unilaterally."

The possibility of air strikes from air bases in Italy has raised particular alarm in this country because of threats by ultranationalist Serbs to attack Italy in some way or other. But Defense Minister Fabio Filippi has dismissed the warnings as "delirious threats."

On Wednesday, three UN relief workers were stopped at gunpoint by Serbs from leaving the northern Bosnian town of Banja Luka to go to Croatia. But aid convoys were said to be running normally.

General Milan Gvero, a senior Bosnian Serb general, had threatened Thursday that the Bosnian Serbs would prevent aid workers from leaving in the event of NATO air strikes.

NATO threatened air strikes against Serbs after a mortar killed 68 people in a Sarajevo market Feb. 5, although the UN peacekeeping command said that it could not determine which side was responsible for the attack.

The UN secretary-general, Boutros Boutros Ghali, said Friday that he had delegated authority to his special representative in the former Yugoslavia to lead a first air strike against gun positions around Sarajevo and to order close air support to protect UN troops anywhere in Bosnia. (Reuters, AP)

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GAMES: Norway's Environment-Friendly Olympics

Continued from Page 1

which is a Norwegian delicacy, will remain high for many years.

The prospect of the 1994 Olympics coming to Lillehammer, a tranquil lakeside village, filled many of the town's 23,000 inhabitants with dread, even though they realized that it was perhaps their only hope for an economic revival. The city fathers and the Olympic organizing committee reached out in a gesture of reconciliation to conservation groups that had opposed the bid for seven years.

"No Olympics can ever be good for the environment, because they are too big and use too many resources," said Kari Olund of the Norwegian Society for the Conservation of Nature. "But we had to face reality. Since we lost the battle to stop the Games, we decided to cooperate to limit the damage."

14 Killed by Cold in Moscow

Agence France-Press

MOSCOW — At least 14 people died of cold in Moscow in the past week, and 110 more were treated for hypothermia, the city's deputy health chief said Friday. Temperatures were around minus 25 degrees centigrade (minus 8 Fahrenheit).

The activists were promised that the environment would carry an equal priority with sports and culture at the Games. Much to their surprise, they found that their advice carried weight. An alliance called the Project for Environment-Friendly Olympics was given a powerful voice in keeping building standards attuned to nature's needs.

Despite fears of many contractors that the alliance's demands would be hard to satisfy, the search for nature-sensitive construction yielded unexpected benefits.

Contractors, for example, discovered new routes to build a bobsled and luge track in better harmony with the contour of the forest.

"It's still a scar in nature but at least it's more discrete," said Kathrine Kjelland, the liaison between the environmentalists and the Norwegian Olympic Committee.

Olav Myrhol, the project's manager, said, "Businesses were happily surprised to find that strict standards to protect the environment actually helped them to create new products that will be very profitable exports."

Among the new designs pioneered at the Lillehammer Games are

ice machines powered by batteries instead of propane gas. The new method is safer, cheaper and non-polluting. Norwegian firms also have found more effective ways to make paper without the use of toxic chlorine bleaches.

Lyckebj Biopack, which made the 900,000 plates and 3 million knives, forks and spoons that can be fed to pigs or turned into compost, now expects to find lucrative markets abroad for disposable tableware because of its edible components.

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Russia Nuclear Fire Cuts Power in Belarus

The Associated Press

MOSCOW — A fire at a Chernobyl-type nuclear power plant in the Russian city of Smolensk briefly cut electricity to the neighboring country of Belarus, but no one was injured and no radiation was released, officials said Friday.

The fire on Thursday night in a transformer outside the reactor complex did not force the plant to shut. It was extinguished within 30 minutes, according to the Ministry,

BOOKS

GOODNIGHT, MISTER LENIN

By Tiziano Terzani. Translated from Italian by Joan Krakover. 388 pages. \$5.99. Paperback. Picador.

Reviewed by Philip Bowring

MANY people are jealous of journalists, paid to do what others pay for. But this is a book to make journalists jealous of each other. Tiziano Terzani has had 25 years of Asia, a quarter century of being in the thick of the obvious things — the latter days of the

Vietnam War, Beijing in the aftermath of Mao, Tokyo during the boom, Bangkok's transition to traffic-bound NIC-dom.

But it takes more than the average luck to be off the well-beaten journalistic tracks of Asia, poking around the backwoods (literally) of the Soviet Far East just at the time of the failed push that signaled the end of the Soviet Union, of communism and of Russian empire.

Instead of rushing off to Moscow to be in the thick of things, and fellow journalists in Red Square, Terzani makes an uncertain way by boat, plane and train through the republics of Central Asia and the Caucasus observing their sudden re-emergence as real live places. One day, they are disembodied

names on Soviet maps, whose very obscurity suggests that the heirs of Lenin had solved the "nationalities problem" without compromising the revolutionary anti-imperialist rhetoric. The next they are flesh and blood, sometimes bloody, nations, some with histories older than Russia itself.

Terzani's descriptions of people and places are as relevant now as when he made his journey almost three years ago. The failure of the Soviet system is perhaps nowhere more stark than in the Far East, a rich and largely empty territory long ago colonized by Russians but now stuck in needless squalor created by socialist-inspired apathy and Soviet-inspired fear.

But it is in his accounts of the central Asian and Caucasian republics that he is at his best. Here we are meeting the likes of President Zviad K. Gamsakhurdia of Georgia as he makes his entry onto the world stage. Terzani is nearby for bloody clashes between Chechens and Ingush in Kyrgyzstan, sees the fall of Lenin's statue in the Tajik capital Dushanbe, where he also meets characters ranging from unconstructed Communists to followers of the late Avtandil Khomeloni to nationalists who have the contempt that Persian-speaking peoples often have for their Turkish-speaking neighbors.

Indeed, the book is a primer for anyone wanting a basic understanding of the history, cultures and contemporary issues of the republics created by Stalin's mass migrations and boundary demarcations, and the relative social and economic realities of the Russians and other peoples.

Terzani may have been a journalist on his first visit. But he had done his reading, and he skillfully weaves history, ancient and modern, into his travel's tales. If that sounds unexceptional, how many journalists bother? How many write themselves out of reporting only what they are told in interviews? Terzani not only sketches in background, but shows healthy awareness of the exaggerations, special pleading and downright lies with which journalists are daily confronted but which make so much "straight reporting" into dishonest gibberish.

Terzani does some special pleading of his own. His depiction of a problem seems a mea culpa for his own past. His contempt for Soviet achievements in science remind one of the United States. He attacks the economic failures of socialism and the ecological disasters wrought by the Soviet Union. Yet he forgets that it was the Soviets who first worshipped the false god of growth, the true belief of the now capitalist world.

But these are modest failings of an enjoyable and informative book. Terzani is an Italian who writes mainly for a German audience and converses mostly in English. As such he harbors some Pan-European prejudices, but the appeal of this work is global.

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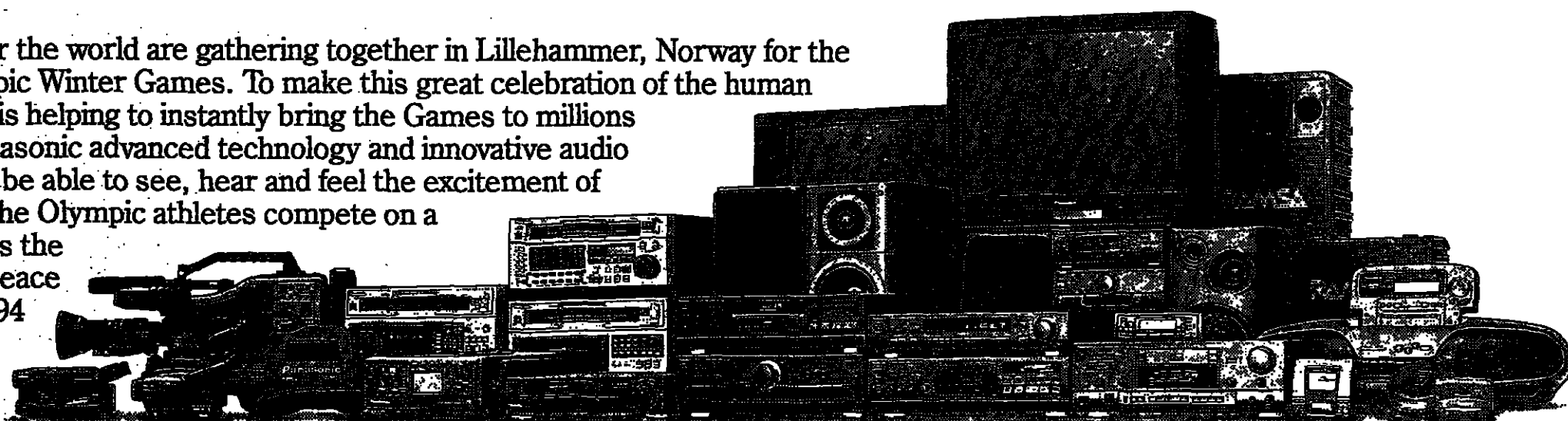
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Reflecting the unique cultural and historical heritage of Norway, Kristin and Håkon are the official mascots of the 1994 Olympic Winter Games in Lillehammer.

Today, people from all over the world are gathering together in Lillehammer, Norway for the opening of the 1994 Olympic Winter Games. To make this great celebration of the human spirit possible, Panasonic is helping to instantly bring the Games to millions worldwide. Thanks to Panasonic advanced technology and innovative audio and video products, you'll be able to see, hear and feel the excitement of this spectacular event as the Olympic athletes compete on a global stage. Join us now as the world comes together in peace and brotherhood at the 1994 Winter Olympics.



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OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Deal Directly With Korea

The Clinton administration insists it will never subcontract its foreign policy to any international institution. Yet it is doing just that in its nuclear diplomacy with North Korea.

It is letting the International Atomic Energy Agency decide how to carry out a deal Washington reached with Pyongyang. By changing the terms of that deal, the IAEA could embroil the United States in a dangerous confrontation on the Korean Peninsula.

The IAEA is supposed to be negotiating detailed arrangements for inspections at all North Korea's declared nuclear sites. These inspections are designed to ensure that nuclear safeguards are in place. More thorough regular inspections, which could impede the diversion of nuclear material to bomb-making, would not resume until the United States holds a new round of high-level talks with the North. Inspections of suspected nuclear waste sites to determine whether such diversion has already occurred have yet to be negotiated.

But the IAEA, which does not like to see member states trifle with its procedures, is asking for more intrusive access to a reactor site than the North agreed to with Washington, according to Pyongyang.

The United States now needs to try to break the deadlock between North Korea and the IAEA before the agency refers the

matter to the United Nations Security Council, which has the power to impose economic sanctions on Pyongyang.

The danger is that the drumbeat of war may drown out diplomacy. The administration is considering the dispatch of Patriot missiles and other military forces to shore up the South. And members of Congress have, perversely, called for putting nuclear arms back into South Korea. Ratcheting up the threats may appease the hawks at home, but it bolsters hard-liners in North Korea, who could use such threats to justify proceeding with the development of nuclear weapons.

Reinforcing the South makes sense if and when the United States decides to abandon diplomacy and press for economic sanctions. Such sanctions would likely end all hope of inspecting North Korea's nuclear sites and could lead to the resumption of confrontation in Korea. Given Pyongyang's unpredictability, reinforcements would then be prudent.

But it is premature to be taking such steps now. The United States should be doing what it can diplomatically to gain unimpeded access to North Korea's nuclear sites, step by grudging step. And it should not leave it up to the IAEA to overreach and thereby trigger a confrontation with North Korea.

—THE NEW YORK TIMES

Patiently Pushing Science

The American president and vice president have made no secret of their enthusiasm for science or of the dramatic advances they expect from a judiciously applied technological breakthrough here and there. That picture shows forth clearly in the science budget sent up by the administration, although, given the tight money situation, its outlines are faint. Small increases for the research agencies are the rule, with substantial increases for specific areas in which the president's interest is well known — a breast cancer research fund, a women's health initiative within the National Institutes of Health, an Environmental Protection Agency boost that goes almost entirely to environmental technology initiatives.

The biggest percentage increase — 70 percent, though not many dollars — goes to a tiny and previously invisible branch of the Commerce Department called the National Institute for Standards and Technology, which gives grants to private businesses for technology research projects judged to be able to benefit the economy as a whole. (One of its previous accomplishments was the improved reliability in DNA fingerprinting now used in criminal trials.)

Though basic science does well in a few specific areas, mainly research into specific diseases, there is grumbling from some that the emphasis on new technology programs could begin, in the increasingly tight "out-years," to squeeze the pure scientists out. Nuclear physicists and NASA appear to have

taken the worst hits, partly because of their proximity to the two giant projects whose fortunes have consumed so much of the last few years' debate on the nation's science priorities — the superconducting supercollider and the space station. The former is now slated for cancellation, though a House analysis of the budget request notes that the funds proposed even for the closure — \$180 million — are well below the estimated \$559 million that pulling out and settling with the state of Texas could actually cost. In NASA, by contrast, the decision to continue funding the space station, together with a tight cap holding down the overall amount, means the non-space-station science inside NASA could face a potentially lethal squeeze.

In a happier fiscal world, a commitment to advance and build in science would translate into a science and technology budget with breathing space, but that is not the world the government now lives in. The faith that spending more on technology and its applications can ease that pressure down the line — that, as the lucky director of the National Institute for Standards and Technology said last year, "technology changes the rules" — is being made, if tacitly, to bear a fair amount of baggage. Science, with its longer-term economic payoffs, needs the patience of its supporters. The administration's small increases at least signal that it thinks that patience is worthwhile.

—THE WASHINGTON POST

Green, but Fair as Well

It should come as no surprise that Washington is only now beginning to see that racial justice is essential to good environmental policy. The environmental movement is run by whites preoccupied with conservation rather than racial issues. Today's basic laws on clean air and water are only a quarter-century old. And for 12 of those years, when Ronald Reagan and George Bush occupied the White House, neither the environment nor racial justice ranked high on the official agenda.

President Bill Clinton is thus to be commended for offering a measure of atonement in the form of an executive order, due soon, asking all federal agencies to ensure that their programs do not inflict disproportionate environmental harm on the poor or on minorities.

The order would require these agencies to give minorities an equal voice in the planning and enforcement of regulations, ranging from the licensing of hazardous waste incinerators to cleanups of toxic dumps. It would also ensure that minorities share equally in the benefits of those programs.

Mr. Clinton's order owes much to two studies. In 1987 a pioneering survey by Benjamin Chavis, head of the National Association for

the Advancement of Colored People, collected largely anecdotal evidence showing that communities with large minority populations, even relatively affluent ones, were more likely than white communities to have hazardous waste facilities and other pollutants dropped in their midst. Then in 1992, as part of an even more extensive survey, The National Law Journal, based in New York, demonstrated that minorities benefited unequally from federal pollution programs.

Cleanups of toxic waste dumps under the Superfund program took longer and were less thorough; polluters in minority neighborhoods paid fewer and smaller fines.

This study caught the attention of Carol Browner, administrator of the Environmental Protection Agency, who pressed her case for environmental justice with the White House.

The order gives each agency a year to publish its strategy for fair treatment. Executive orders sometimes have an evanescent life, dissipating with the political winds. With that in mind, the White House has an obligation to see that today's good intentions become tomorrow's standard practice.

—THE NEW YORK TIMES

Other Comment

The Stakes in an Ultimatum

Although NATO has put itself in a hair-trigger position to start dropping bombs on Bosnia, the United States still avoids military intervention if a dramatic and needed switch in administration strategy produces results. For the first time since he took office, President Bill Clinton has come out strongly for partition and has made it clear the United States will no longer encourage the Bosnian Muslims to keep fighting for more territory.

It was this change that enabled NATO to set a 10-day deadline for the withdrawal of heavy Bosnian Serb military equipment from the mountains surrounding Sarajevo. The trade-off involved European support for the U.S. threat of aerial strikes in return for an American promise to encourage the Muslims

to accept a UN-sponsored division of Bosnia. Mr. Clinton's main pitch is still on NATO's new-found resolve to resort to force if necessary to stop the slaughter of civilians in the besieged Bosnian capital. This, however, is a dangerous move. It makes the alliance hostage not only to the bloody-mindedness of the Bosnian Serbs and Croats but to provocations by Muslims willing to take more punishment to gain international sympathy.

If the current crisis somehow can pass without NATO intervention, the new U.S. readiness to engage in pressure diplomacy on the Muslims may be one of the very few hopeful developments in the Bosnia tragedy. If the war now simmers down instead of exploding, it might be just the breakthrough needed to get all three sides to accept a peace agreement.

—THE BALTIMORE SUN

Think About Where The Bombs Will Fall

By Richard Burt and Richard Perle

WASHINGTON — The apparent willingness of the United States and its closest allies to use air strikes in Bosnia is long overdue.

But the strategic purpose of air strikes is at least as important an issue as whether they take place at all. It will be a tragedy if the Western allies, having finally taken action in Bosnia, end the siege of Sarajevo in order to force Bosnian concessions in the deadlocked Geneva negotiations.

Air strikes, especially televised ones, would be dramatic. They would signal an end to the feckless Western policy of standing aside while newly independent Bosnia, a member of the United Nations, is dismembered and its civilians massacred.

But while forcing the withdrawal of the Serbian guns is a beginning, Western intervention must not stop there. An end to the siege must not form the basis for renewed demands from UN negotiators that Bosnia accept a humiliating and unstable political settlement.

A plan under which the Muslims, who have for centuries lived peacefully in a multiethnic society, are herded into "ethnically cleansed" enclaves surrounded by the Serbian and Croatian armies that drove them there is unacceptable.

Now that the West appears ready to act, what is needed — and what has been missing all along — is a well-defined strategy for achieving a stable peace in the Balkans.

President Bill Clinton, who is loath to act without the approval of Secretary-General Boutros Boutros Ghali, has said that any use of force would be intended to further the UN's diplomatic strategy.

But that strategy, which would reward aggressors by legitimizing the conquest of Bosnian territory by Serbian and Croatian troops, can only set the stage for endless, chronic violence in the region.

So what should U.S. policy be? And what military actions can and

should be taken to support it? The starting point must be to recognize that while the former Yugoslavia is rife with ethnic and religious animosities, the cause of the war there is Serbian and Croatian aggression against Bosnia — an aggression made more poignant and dangerous by its attacks on innocent civilians.

This reality suggests the core of a new Western policy: First, and the siege of Sarajevo, then shape a balance of power in Bosnia more favorable to a fair and lasting settlement.

We should move immediately to revise the UN embargo that has kept the Bosnian Muslims outgunned and under siege. With Bosnia excluded from the embargo, the United States and others should supply essential arms to the Bosnian government. Then Bosnian troops would have a decent chance of achieving defensible borders.

Second, we should plan to use NATO air power not only against tactical targets in Bosnia, like the artillery positions surrounding Sarajevo, but also against strategic targets in Serbia itself.

Precise attacks by advanced weapons could cripple air bases and military logistics centers, or Belgrade's power supply, while posing little threat to civilians. Three arguments against this more ambitious course stand out.

One is that there is no vital U.S. interest that would justify the risk of intervention. But this view ignores the damage that has been done to the credibility of the United States and the NATO allies after two years of indecision and idle threats.

The spectacle of free-world leaders maneuvering to avoid embarking on a mission to end the aggression of last month's NATO summit meeting can only encourage aggressors in the former Soviet bloc. If NATO proves incapable of acting with resolve, it will soon become irrelevant in the post-Cold War world.



A second argument is that air strikes and intensified fighting would jeopardize the safety of UN peace-keeping forces on the ground.

But if the presence of UN troops becomes a reason for allowing the slaughter of the Bosnian Muslims to continue, it would be better to pull them out. Bosnia needs to be able to defend itself, not simply be provided with food and water while it is being destroyed.

A third argument against military intervention is that the United States will find itself drawn into an unpredictable adventure leading inevitably to American casualties.

But there is no reason why air strikes against precise targets should be followed by the introduction of American ground forces.

Ultimately the fate of Bosnia lies in the hands of the Bosnians. While we Americans should help them with arms and air power, we need not, and should not, intervene on the ground. The use of military power always

entails uncertainties. It is idle and dangerous to believe that military operations make sense only where their results can be known, and the risks eliminated, in advance.

But Mr. Clinton can count on broad support for a decisive, robust policy, for despite the risks, left and right alike have been urging him to take forceful action.

Treading carefully, Defense Secretary William Perry insists that we think about "Acts I and II" before we embark on "Act III."

But Acts I and II, more than two years of killing, have already been played. And unless we change course now, Act III will prove the Bosnian drama is not history but tragedy.

Mr. Burt, a partner at McKinney & Co., was an assistant secretary of state from 1983 to 1985. Mr. Perle, an American Enterprise Institute fellow, was an assistant secretary of defense from 1981 to 1987. They contributed this comment to The New York Times.

Do Not Let This War Grow Wider

By A. M. Rosenthal

NEW YORK — The responsibility is President Bill Clinton's. It is his job now to prevent the NATO ultimatum to the Serbs from becoming the excuse for inflicting more suffering and spreading the war beyond Bosnia. If he does not live up to the job, the combined power of the West, its standards of political and religious conduct and all its pronouncements about humanitarianism will have added up to nothing but a recipe for more tragedy.

How did it come to this point, this ugly chapter in what is amusingly called Western civilization?

Two tragedies are taking place: the sorrow of Bosnia and the continuing failure of the West to examine its own role, maybe learn something from it.

In 1991, the United States and its European allies were warned at least four times that their plans for swift recognition of Croatia would blow up neighboring Bosnia — both parts of the disintegrating Yugoslavia.

Bosnia's population was Serbian and Croatian, about half Christian, half Muslim, converted to Islam centuries ago. Serbian and Croatian Christians did not want to live under the other group or the Muslims.

The Muslims wanted a united state in which power was shared. But most Serbian and Croatian Christians in Bosnia feared the state would be controlled by Muslims.

Cyrus Vance of the United States gave the warning, so did Lord Carrington of Britain, and Secretary-General Javier Pérez de Cuellar — and, most important, Alija Izetbegovic, the Muslim president of Bosnia. They warned that if Croatia were swiftly recognized, Bosnia's Muslims would bolt to independence and Croats and Serbs would fight. Both happened.

Up to them — just one more Balkan mess, no particular heroes or villains. The Serbs — and the Croats too — changed all that, by atrocities against Muslim civilians, including ethnic evictions.

Partition was a way out, but the Muslims and their supporters did not want it. They felt partition would leave the Muslims a mini-nation hostage to Serbia and Croatia.

But even as the war grew more hideous and Sarajevo was under siege, one decent chance to preserve a unified Bosnia was presented. It was worked out by Mr. Vance and Lord Owen of Britain: separate Muslim, Serbian and Croatian areas in Bosnia, brought together under a unified government, sort of a Balkan Switzerland.

They were reviled as appeasers by the U.S. press. But many Muslims saw the plan as the only chance to keep the dream of unified Bosnia. It should have been called the Vance-Born plan, but neither Mr. Vance nor Lord Owen was much good at sound bites.

The Clinton administration said — it said this, it said that, it said them both at the same time. If the American public ever understood for one day what the Clinton position on Bosnia was, believe me, it was an accident, because the administration did not know itself.

Vance-Owen Save Bosnia died, vanished into oblivion by the instant hawks, double-crossed by the Bosnian Serbs, mumbled and gummed to death by Washington.

So the West is left only with partition, the solution that Muslims never wanted and that could have been had without as long and nasty a war.

What happens now?

If the Bosnian Serbs are stupid enough or desperate enough to resume fighting, they will come under NATO air attack. They can be pushed to desperation if the Bosnian Muslims use the ultimatum as protection for a military offensive against them.

Already the laptop bombardiers insist the ultimatum must be enforced by bombing deep into Bosnia and Serbia itself. But it will be Mr. Clinton who will have to take the responsibility if bombing Serbia drags in Greece, Turkey, Albania.

And Russian sympathy for Serbia goes far beyond the hard nationalists. Moscow already has asked for a UN meeting over U.S. objections. Boris Yeltsin might have to swallow the ultimatum; bombing of Serbia could swallow Mr. Yeltsin.

All that does not have to happen. Mr. Clinton will have to live up to his credit: the lifting of the Serbian siege against the Muslims. He can use it to pressure all sides into accepting a compromise partition — yes, pressure, not go on repeating ideology that Americans have no say in decisions that now affect their lives.

Lifting a murderous siege was always a decent goal — but not expanding the war.

—THE NEW YORK TIMES

This Ultimatum Is Modest, More Needs to Be Done

By Anthony Lewis

SAN DIEGO — The NATO ultimatum to Serbian forces around Sarajevo could be, at long last, a first step toward ending the bloodiest aggression in Europe in 50 years. Or it could be an empty gesture by politicians trying only to escape embarrassment.

On the encouraging side, the allies seem to be serious about using air strikes if the Serbian aggressors refuse to accept the ultimatum or fail to move their heavy weapons back 20 kilometers (12 miles) in the next 10 days. Previous NATO threats have been jokes, and quickly seen as such by the Serbs.

It is a plus also that the Clinton administration did not give way to angry Russian protests against the plan. With luck, this could mark the end of the administration's misbegotten belief that it must yield to whatever Boris Yeltsin says abroad in order to support his position at home.

But the NATO decision, if examined honestly, has to be seen as modest, if not indeed feeble. It lacks both military and political elements necessary to make it effective.

1. The demand on the Serbs is limited to Sarajevo. They will be free to press new attacks on the Bosnians in other parts of the country, notably Bihać in the northwest.

2. The ultimatum does not even assure an end to the murder of civilians in Sarajevo. It does not purport to affect light mortars, machine guns or the sniper rifles that have had such deadly effect. It exempts from the exclusion zone the town of Pale, 16 kilometers from Sarajevo, the Bosnian Serb military headquarters. In any event, the Serbs have

3. NATO has not asked for an end to the siege of Sarajevo. Going to or from the city will still require passing through Serbian roadblocks.

4. If the Serbs ignore the ultimatum, NATO threatens only to attack their heavy weapons. There are only more important targets for any meaningful air threat: the bridges connecting Serbia to Bosnia, petroleum tanks, military headquarters like that at Pale.

5. NATO members, in particular the United States, did not decide to ignore without legal basis the UN arms embargo on Bosnia. That is an issue of principle: not to deny a UN member state the means of self-defense when it has been attacked.

6. By asking that the Bosnians in Sarajevo also give up their heavy weapons, the NATO ultimatum equated victims and aggressors. It even commended the outrageous idea that Sarajevo be put under UN administration. Have the Bosnians stood up against genocidal assaults for the last two years in order to be ruled by Boutros Boutros Ghali and his inept bureaucracy?

Overall, what is lacking in the NATO decision is a sense of objectives and strategy. The objectives must be limited; but they surely have to include identification and punishment of the aggressor, in order to deter other demagogic nationalists who are waiting to tear Europe apart.

The NATO war is the first test of whether peace and security can be maintained in Europe in

the new tensions of the post-Cold War era. It is a test of NATO's relevance to that task.

The ultimatum to the Serbian forces does at least signify that NATO sees the challenge that the Bosnian conflict represents. But it is not, at least not yet, a serious response to the dangerous precedent of successful aggression against a recognized state.

Can we hope for a real commitment by the United States and the United Kingdom? Will they act forcefully if Serbian leaders resume their aggression?

It was not long before the brief quiet of Sarajevo was shattered again. The night after the ultimatum shells exploded near the parliament building. A Serbian breach in the cease-fire would hardly be surprising considering all the past lies and broken promises. After all, Radovan Karadzic, the Bosnian Serb leader, promised on Oct. 9: "The siege of Sarajevo is over."

The hope is frail, the reasons for cynicism substantial.

In announcing the NATO action, President Bill Clinton said the United States "will not stand idly by in the face of a conflict that affects our interests, offends our consciences and disrupts the peace."

But he had stood idly by for a year, and George Bush before him, while 200,000 people were killed and 2 million driven from their homes. Only public revulsion at the killing of 68 people in Sarajevo's market last Saturday moved Mr. Clinton to act.

If the North Atlantic alliance has the will to resist genocidal aggression, and the strategy, we have not yet seen them.

—THE NEW YORK TIMES

'Determined' NATO May Be Digging Its Own Grave

By Frederick Bonnant

BRUSSELS — If the Sarajevo cease-fire does not hold and the shelling of the city continues, NATO's hand will have been called. Air strikes will undoubtedly follow and will be carried out with consummate skill. But NATO's military authorities again pointed Thursday what they have been making clear to their political masters for some time: The effect of air strikes on dispersed minor targets — toward field artillery pieces, mortar-mounted rocket launchers and heavy mortars, and lighter hand-held weapons — is necessarily limited. A determined and reasonably skilled opponent could escape most of their effects and continue to exert his power.

NATO will then be presented with the choice of abandonment or escalation. Having intensified air attacks — and inevitably caused casualties among the civilians it is trying to protect — without convincing results, the next step will have to be taken.

If Western popular feeling remains high, allied leaders will have to commit ground troops. But, once these have been engaged, the war will take on its own dynamic. However limited the initial commitment, their numbers will inevitably swell and casualties will mount, producing a very different test of Western will.

As the cost in lives and resources

makes itself felt in the West, an initially ignored question will rise to a roar. "Whom are we fighting there and why?" people will ask: bitter denunciations will follow of the leaders who made the decision. People will realize that a political war aim of "peacekeeping" or "peacekeeping" leads to a highly confused military situation, where allied troops are exposed to the anger of all sides, leading to casualties, retaliation, chaos. Somalia has provided a recent example, and there have been others.

The NATO allies would then have to pull out. If they do so early, their human and material costs may not

have been too high. But the political and psychological costs may be irreparable. Whenever excuses are made, the allies' weakness will be evident to all. The various justifications — the stubbornness of factional leaders in ex-Yugoslavia, the need to support democratic elements in Russia — will all be nails in the coffin.

But it is not only NATO that will be buried in the grave dug by initial callowness, poor judgment, and failure of will. With it will go the sense of cohesion of the Western world that has been the basis for the advance of civilized values since World War II.

Of course, none of this may happen. The more optimistic believe that a peace agreement will now be signed and implemented. The West would still have to help pick up the pieces, but the cost, though very high, would be incomparably less. Let us hope they are right.

The writer is editor of NATO's *Sixteen Nations*, an independent military journal published in Brussels. He contributed this comment to the International Herald Tribune.

A Darker View of Russia Emerges

By Stephen S. Rosenfeld

WASHINGTON — A more somber view is setting upon U.S. policy toward Russia and the rest of the former Soviet bloc.

It is now widely accepted in the Clinton administration that high hopes for reform and democracy need to be tempered by the position of Communist realities. Tempered but not abandoned: The official view calls for incremental, midcourse adjustments to take account of the developments prompting President Boris Yeltsin's dismissal and Vladimir Lukin's resignation.

Another view now being heard in the State Department was given succinct statement in the department's "Open Forum" on Feb. 1 by the respected international academic Charles Glaser, a Hungarian-born Central European specialist.

Mr. Glaser argues that unanticipated difficulties of transition — economic dislocation, a struggle for power, a "balance of terror" with the West, ethnic tensions — have engulfed both the open enemies of democracy and its calculating Communist enemies hiding on both left and right.

Mr. Glaser's view suggests, as the United States reasonably expect to accomplish in tandem its twin purposes of ensuring a responsible Russian foreign policy and nurturing

democracy. Washington must return to a view of Russia centering on its nuclear and strategic capabilities and to a focus on influencing Russian foreign policy with traditional instruments of carrot and stick. Without giving up on democracy in Russia, the democracies it should try hardest to enlarge are those in Central Europe, which show more real promise.

The last point has clear resonance. America ought to be offering special privileges — in political respect, economic support, military security — to countries that truly are "emerging democracies." Embrace them. Lock them in. Let others observe how America rewards democratic achievement.

The harder part goes to the evident frustrations of democracy and reform elsewhere in the old Soviet bloc. In Russia and in some of the darker East European places such as Romania and the former Yugoslavia, a condition of barren uncertainty may hold for decades. This condition will likely keep us wondering whether even the most able democratic leadership can manage the stresses of an unrelenting cultural and political inheritance.

—THE WASHINGTON POST

But that is the point: The evidence does not permit, or compel, a definitive judgment now on how reform is going to fare in Russia. Any judgment will have a large arbitrary element to it. There is no pressing need to come down hard either way.

Already Washington has said no to Russians asking the United States to bend the rules of the international banks. The Clinton administration is putting a higher premium on keeping Russians from throwing their weight around in the "near abroad."

America is stifling Mr. Zhirinovsky. These are pragmatic responses to worrisome conduct.

Well-informed officials feel that Russia is in trouble even irretrievably so. But other well-informed people caution against basing long-term policy on short-term perceptions.

There is a demand of sense on American policy and a demand of principle. Sense requires open eyes. Principle demands consistency. There is a requirement to be faithful to democracy depending on the degree to which it is treasured at home. This is the way to be respectful without being patronizing. Democracy in Russia is not America's to implant or abandon but first of all Russia's to make grow.

—THE WASHINGTON POST

The writer is editor of NATO's *Sixteen Nations*, an independent military journal published in Brussels. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Freethinkers Wed

PARIS — Civil marriages, with the accompaniment of music and flowers, but minus the prayers and candles, have been revived. The latest ceremony of the sort took place in the Marais of the Eleventh Arrondissement, on the place Voltaire. Several Freethinking Municipal Councilors delivered hymnal homilies on the occasion. The room wherein the wedding took place was ornamented with flowers, evergreens and orange trees. Violins, flutes and pianos were blended in harmony, and after appropriate music the ceremony was concluded by the playing of the "Marseillaise."

1919: Peace Monitors

PARIS — Members of the International Saffrage Conference decided yesterday [Feb. 11] to send a delegation consisting of one from every country represented to each plenipotentiary at the Peace Conference, asking support for the resolution which

President Wilson stated, on Feb. 10, he would present to the Conference before he returned to America. This commission provides for a resolution to be formed to discuss and report on the international questions relating to women's suffrage and to children's problems, the commission to be associated officially with appointed women representatives.

1944: In the Ukraine

LONDON — [From our New York edition:] Soviet forces in the Ukraine have captured the rail junction and German bastion of Shepetovka, on lines leading into Rumania, Hungary and Old Poland, while far to the east other Russian troops compressed a besieged Nazi force into a sixteen-mile-long strip of territory near the middle Dnieper River. The capture of Shepetovka, fifty miles southeast of Rovno and near the pre-war Polish frontier, was announced in a special order of the day by Premier Marshal Stalin.

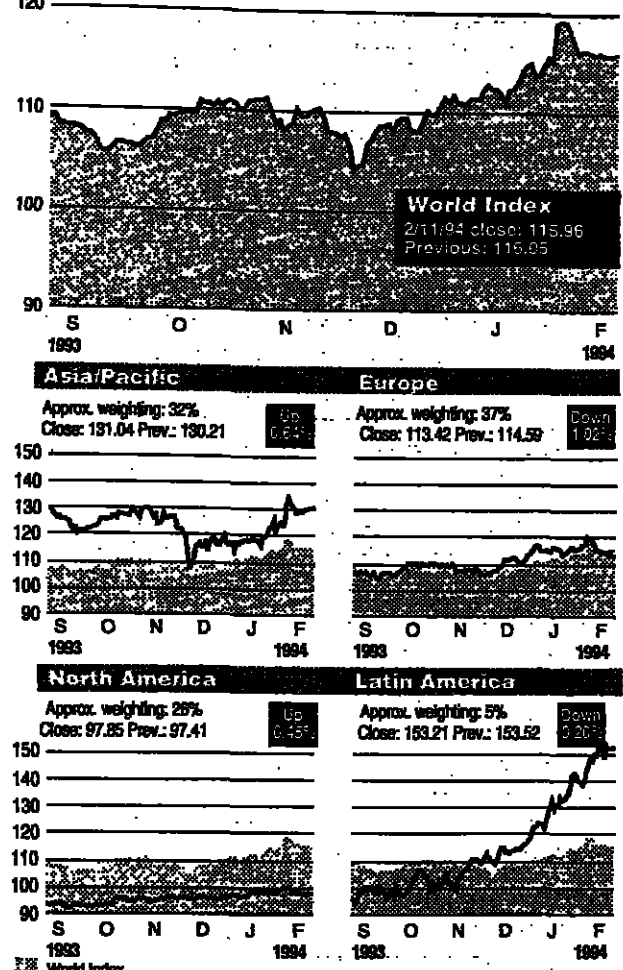
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The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Amsterdam, Australia, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top issues are tracked.

Industrial Sectors							
	Pl. close	Prev. close	% change		Pl. close	Prev. close	% change
Energy	116.25	115.50	+0.31	Capital Goods	113.61	113.69	-0.07
Utilities	126.51	127.45	-0.74	Raw Materials	119.53	120.85	-0.93
Finance	120.63	120.63	Unch.	Consumer Goods	98.72	98.84	-0.12
Services	125.97	125.93	+0.03	Miscellaneous	135.22	137.27	-1.49

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

India Trades Tomorrow for Today

By Kevin Murphy
International Herald Tribune

BOMBAY — More concerned with consumption than its karma, India's rising middle class is undergoing a consciousness change rivaled only by the economic transformation sweeping the country.

A new embrace of credit and a strengthening demand for quality has forced domestic and international companies alike to reassess a market where, by some estimates, the middle class outnumbers the population of the United States.

Foreign investment, much of it aimed at supplying consumer products to a market long closed off by high tariffs and regulation, hit \$2 billion in 1993, up from \$1.3 billion in 1992 and \$200 million the year before. With clear signs that India is serious about continuing reforms, 1994's totals will be higher still.

Heavily influenced by international products and life-styles beamed in by satellite television, many of India's 870 million people, half of whom are under 25, now aspire to more than thrift and self-reliance, virtues espoused by Gandhi, the country's founding father.

The change is affecting shoppers — and voters.

"For years, the Indian consumer was told, 'Save, don't spend. If you suffer in this life, it will be better in the next,'" said Ajay Padamsee, who heads the South Asia operations for the Lintas advertising agency. "But now people are saying, 'I'm not handcuffed to my karma. I want to enjoy things now, not in my next life.'"

Mr. Padamsee added: "People want quality and they are ready to pay for it. They are demanding better standards in everything. It affects the entire society. They also know they can be the agents for change."

With broad economic reforms first introduced in June 1991 have come a greater openness to the rest of the world, and less reliance on, and tolerance for, interference from the state.

Lalit Modi, whose large family-held company is a partner with Walt Disney Co. in India, said, "Satellite television has brought a cultural shock to this country. We are going through a total revolution."

He added: "The younger generations have

become 'me' generations. Around the country, people have become more outspoken about what they want."

Traditionally, Indians have been among Asia's staunchest savers. Gold is often their investment of choice; an estimated 7,000 metric tons is in private hands.

But, in a changing economic climate, Indians are favoring more sophisticated investments. Over 50 percent of car buyers now automatically take out a loan, something that would have been unthinkable a few years ago. According to Visa International, the consumer finance industry has grown into a \$1 billion a year business from nothing in three years.

Citibank studies have predicted that India would become the world's second-largest credit card issuer after the United States. A few years ago, according to Mr. Modi, "No one wanted to borrow or to owe."

Business executives and government officials said that Indians, comparing their lot to

See INDIA, Page 13

U.K. Growth Feeds Lloyds Bank Profit

Compiled by Our Staff From Dispatches

LONDON — Lloyds Bank PLC said Friday its pretax profit climbed 29 percent last year, as a revival in the British economy reduced its domestic problem loans and some developing nations paid back debts.

The commercial banking company said profit before taxes rose to £1.03 billion (\$1.51 billion) from £801 million in 1992. The figure was about in line with market forecasts.

"By the end of the year, it was clear that the U.K. was moving out of recession," Lloyds Chairman

Robin Ibbot said. "For our customers, economic pressures were becoming less severe, and there was a reduction in the amount we needed to provide for bad and doubtful debts in the U.K."

He said the company expected the improvement to continue this year.

Lloyds' earnings per share rose to 47.4 pence last year from 35 pence in 1992. The company said it would raise its 1993 net dividend by 20 percent, to 22.1 pence a share from 18.4 pence.

New provisions against bad or

doubtful debts declined to £503 million, or 1.2 percent of lending, from £556 million, or 1.3 percent of lending. Lloyds said provisions for so-called problem-country debt were reduced by £46 million during the year, primarily because of repayments by Argentina.

"These results are in line with expectations, though the dividend is a bit higher than we'd expected," John Tyce, a banking analyst at SGST Securities, said.

Mr. Ibbot said Lloyds would need to set aside less money against doubtful loans as long as the econ-

omy improved, and he said the company expected demand for loans to increase.

Total provisions held at the end of 1993 to meet future loan losses were £2.93 billion, representing 6.8 percent of lending, down from £2.98 billion in mid-1993.

Nonperforming loans fell to £4.29 billion from £5.08 billion.

Mr. Ibbot said the results had been boosted by "real growth from a high base" in core businesses. But he said the recovery in retail banking in Britain had been only "mod-

See LLOYDS, Page 11

Risk of Strike Rises in Germany as Metalworkers Talks Stall

By Ferdinand Protzman
New York Times Service

BONN — The possibility of a nationwide strike in Germany's metalworking industry appeared to increase Friday as contract negotiations between labor and management brought no progress on the key issues of wages, working hours and job security.

Negotiators from IG Metall —

which is Germany's biggest union, with 3.6 million members in the automotive, metalworking and electrical sectors — were still talking Friday evening in Darmstadt with leaders of Gesamtmetall, the industry employers' association.

While the negotiations were going on, about 133,000 workers staged work stoppages at companies across Germany in support of the union's

demands. Over the past two weeks, about 1 million workers have participated in such "warning strikes."

"No progress whatsoever has been made," Klaus Zwickel, president of IG Metall, said during a break in the talks. Hans-Joachim Gotschall, the head of the employers' association, said the talks were stuck but would not say what specific points were causing the impasse.

But the doomsday atmosphere surrounding the meeting may have been primarily a bargaining tactic, as there was nothing to prevent both sides from agreeing to extend the negotiations. The leaders of IG Metall have threatened to strike by Feb. 21 if no progress is made in the talks.

Wages, hours and job security are the issues on the table, but they are

U.S. Price Data Confuse Views About Inflation

Compiled by Our Staff From Dispatches

WASHINGTON — Wholesale prices rose a modest 0.2 percent in January as a drop in food costs was able to offset the biggest jump in gasoline prices in more than three years, the government said Friday.

The Labor Department said the rise in its Producer Price Index, which measures inflation pressures before they reach the consumer, was the biggest gain since a similar 0.2 percent rise in September.

Economists were divided over whether the January data were a sign of new inflationary pressure. The January gain, if it continued for an entire year, would produce an inflation rate of 2.9 percent.

In another report, the Commerce Department said retail sales fell an unexpectedly sharp 0.5 percent in January. It was the first decline in 10 months. Analysts attributed the result to the severe winter weather in many parts of the country as well as the California earthquake.

Excluding the volatile energy and food categories, wholesale prices rose 0.4 percent in January, a gain that was in line with expectations.

Prices in this area were driven higher by a 1.3 percent increase in costs for passenger cars, the biggest gain since November, and a 1.5 percent advance in tobacco prices, the biggest since September.

For January, the Labor Department said that gasoline prices at the wholesale level jumped 6.5 percent, a gain that is likely to show up in

the consumer price report for January, to be released next week. The January gain followed two straight months of big price declines.

Overall, energy costs were up 0.8 percent in January, after declines of 2.6 percent in December and 2.2 percent in November. Those declines mirrored big drops in worldwide crude oil prices.

Food prices fell 0.3 percent in January, the biggest drop since June. This reflected a 16.5 percent decrease in vegetable prices, the biggest decline since June 1993.

Robert Brusca, chief economist at Nikko Securities International, said that he was troubled by the underlying PPI data and concluded that inflation was "not as subdued as some people want to believe."

He added that the decline in food prices masked higher increases in other areas. The rate of inflation excluding only food rose 0.5 percent in January.

But Robert Deiderick of North Trust Co. in Chicago said that there was a tendency for the PPI core rate to be up in the first few months of the year. "I don't view this as disturbing," he said.

Bruce Steinberg, an economist at Merrill Lynch & Co., agreed, saying: "The PPI report continues to show an absence of inflation at the wholesale level. The overall inflation climate is bright."

Mr. Steinberg noted that energy prices, which helped drive up wholesale costs in January, had already registered sharp declines.

Rosanne Cahn, an economist at First Boston Corp., said that energy prices caused most of the increase in January, but that this should be no surprise. "Energy is not going to be the same plus as it was in 1993," she said.

In December, wholesale prices fell by 0.1 percent, marking the sixth time in eight months that wholesale inflation either declined or showed no gain.

While there has been little evidence of inflationary pressures, the Federal Reserve Board launched a preemptive strike a week ago by boosting a key short-term rate. (AP, AFP)

ECONOMIC SCENE

Professor Stiglitz Goes to Washington

By Sylvia Nasar
New York Times Service

NEW YORK — When Laura D'Andrea Tyson, chairwoman of the Council of Economic Advisers, asked Joseph Stiglitz to become a member, the question to many was whether the ivory-tower theorist from Stanford University could possibly navigate the currents of real-world policy-making.

The council's role, played mostly behind the scenes, is to inject as much economic rationality into government proposals as politics allow.

Mr. Stiglitz, 52, has written hundreds of papers on the economics of information, public finance and economic development, won the prestigious John Bates Clark medal in 1979 and is widely expected to collect a Nobel prize some day.

He also is the quintessential absent-minded professor, who has dashed into class and lectured on the wrong subject and often turned up with his tie or shirt collar seriously askew.

In fact, Mr. Stiglitz and Washington circa 1993 are made for each other. He has spent his professional life focused on the idea that markets are imperfect and need to be repaired.

"What ends up in the government's portfolio are the things where the market is having problems," Mr. Stiglitz said. "Government can make a major difference for the good if you structure policies appropriately."

That sentiment is in sync with everything the government has done or is thinking about doing, whether it is overhauling the U.S. health-care system, ushering in the electronic

information age or reducing the country's emissions of greenhouse gases.

And while economists — including the ones who work for President Bill Clinton — rarely have the last word on policy, many of those who have worked with him say that Mr. Stiglitz is having an impact by suggesting creative solutions to complicated problems.

"What he brings to the table is a fountain

'Government can make a major difference for the good if you structure policies appropriately.'

Joseph Stiglitz, member of the Council of Economic Advisers.

of ideas," said Alan Blinder, the third member of the economic council.

Take a recent contribution to the nuts and bolts of the Clinton administration's policy: the new plan to reform the Superfund. The government's program to get companies to clean up polluted industrial sites has practically become synonymous with government waste and inefficiency.

It was Mr. Stiglitz's idea to replace part of the current system of liability — which encourages costly lawsuits more than cleanups — with a system of arbitration and a set of economic incentives to encourage companies to stay out of court.

Mr. Stiglitz sold his contribution to the lawyers on the interagency task force that crafted the government proposal partly by the cogency of his arguments and partly by

his ability to suggest compromises and alternatives when the discussion seemed to be heading for a stalemate.

"He always brings a new idea and perpetual good humor," said Alicia Munell, assistant treasury secretary for economic policy. "He always has another notion of how this deal could be worked."

Mr. Stiglitz also is helping shape the government's thinking on ways to help politically powerful but economically weak states like California and New York without playing havoc with the budget agreement.

Although Mr. Stiglitz sometimes compares himself to the greatest economists of all time, from Adam Smith to Paul Samuelson, many in Washington are dismayed by his tendency not to take himself too seriously and his ability to listen and his genuine enthusiasm for other people's ideas.

"Joe brings a lot of intellectual power to problems," Professor Tyson said. "But how you bring it matters as much as what you bring, and Joe doesn't bring even the slightest trace of arrogance."

Of course, presidents rarely do what their economists tell them. Michael Boskin, President George Bush's chief economist, recalls that he had to threaten to quit to get an interview with his boss at the height of the recession.

President Ronald Reagan wanted to disband the Council of Economic Advisers. Mr. Clinton uses the council, among other things, to help with his daughter's homework.

But it is completely characteristic of Mr. Stiglitz, a can-do optimist, not to dwell on the half-empty cup of his influence. Twinkly

See WASHINGTON, Page 10

Managing Director Quits at Le Monde

By Alan Riding
New York Times Service

PARIS — Le Monde, the prestigious French daily, was thrown into disarray Friday following the resignation of its managing director, Jacques Lesourne, who was just three years into a five-year contract.

Mr. Lesourne, the first non-journalist to lead the afternoon newspaper, said he felt he was ill-equipped to carry out an austerity program approved earlier this week because his authority had been undermined by "maneuvers" linked to his succession.

Like much of the French press, Le Monde has experienced a slump in advertising revenue, which now provides 23 percent of its budget, compared with 44 percent in 1991.

Relations between Mr. Lesourne and shareholders deteriorated sharply in recent weeks as the managing director tried to push through his austerity budget. The budget was approved Thursday by Le Monde's supervisory board, but it had reservations.

Mr. Lesourne said that, despite staff and spending cuts, "draconian measures" were still needed to restore the daily to health.

His resignation takes effect Feb. 19. Normally, his mandate would have ended in January 1996. In 1991, the year that Mr. Lesourne took over, Le Monde recorded a \$5.2 million loss. The following year, it showed a \$250,000 profit, but in 1993 it again went into the red, although the size of the deficit has not yet been disclosed.

The managing director's departure is a particular blow to the daily because, under its cooperative structure, staff members have the last word in picking the chief editor and, in the past at least, this procedure has proved deeply divisive.

His predecessor, André Fontaine, had to stay on two years after his planned retirement for lack of agreement on a successor.

In a front-page article giving the reasons for his resignation, Mr. Lesourne said the battle for his succession had already begun, with even his close collaborators under pressure to take positions.

He added that, with its top management "at the mercy of alliances and ephemeral disagreements," Le Monde's situation could deteriorate.

Time Considers TV Bid With British Companies

Reuters

LONDON — The British media companies MAI PLC and Pearson PLC and the U.S. conglomerate Time Warner Inc. said Friday they would make a joint bid for a fifth conventional British television channel if such a service were approved.

The Independent Television Commission, a commercial television oversight agency, said it was evaluating responses to a consultant's report on whether there should be a fifth channel.

"It's the last free, national channel in Europe," said Ajay Chowdhury, MAI's development director. "The others will all be satellite or cable to be paid for by the user."

Britain has four conventional television stations — two run by the British Broadcasting Corp. and two commercial networks. The idea of a fifth channel, paid for by advertising, has been floated but scrapped before.

Time Warner, the world's biggest media company, was part of the only consortium to bid last time but the business plan was rejected by the television watchdog in December 1992.

Mr. Chowdhury said many of the problems associated with the previous bid had been dealt with.

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Sweden	55,000	27,500	16,500
Switzerland	2,100	1,050	630
United Kingdom	3,500	1,750	1,050
USA	610	305	183
Rest of Europe ex CEE	485	242	145
CEI, N. Africa, France, French Africa, Middle East	5,000	2,500	1,500
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MARKET DIARY

Inflation Data Lift Government Bonds

Compiled by Our Staff From Dispatches

NEW YORK — The stock market slipped but Treasury bond prices firmed after the government said wholesale inflation rose a subdued 0.2 percent in January.

The benchmark 30-year Treasury bond rose 14/32, to 97 30/32, in late trading, with the yield edging down 6.41 percent from 6.44 percent Thursday. Investors were betting

that the subdued rate of inflation would not push the Federal Reserve Board to act quickly in raising short-term interest rates again.

The data spurred sentiment that inflation was likely to remain in check. Rising inflation weighs on bond prices because it erodes the value of fixed-income securities.

The stock market failed to track the gains in bond prices because of concern about corporate earnings for cyclical issues. Auto, chemical and semiconductor companies were among the session's biggest losers.

"Several important earnings announcements over the past several days have moderately disappointed the most optimistic analysts," said Tom McManus, a vice president at

Morgan Stanley & Co. He noted

that General Motors and Ford were among stocks that fell despite reporting improved profits this week.

General Motors fell 1 1/4 at 61 and was the third-most active stock on the New York Stock Exchange.

Ford also was active, losing 1/4 to 65 1/4 and Chrysler fell 1/2 to 59 1/4.

Stock exchanges closed 30 minutes early because of winter storm, which kept overall trading subdued. The Dow Jones industrial

average edged down 0.56 point, to 3,894.78, while losers paced gains by a 10-to-7 ratio on the New York Stock Exchange.

Timberland plunged 9% to 43 1/4 after the company reported earnings sharply below expectations. Analysts said the stock has been overvalued recently and poised for a fall.

Shares climbed from 5 in December 1990 to a high of 85 1/4 in November. Telefonos de Mexico's American

depository receipts continued to trade actively, gaining 1 to 74 1/4. The Nasdaq over-the-counter index dropped 2.05 to 781.37, driven by losses in technology stocks such as Novell, which lost 1/2 to 21 1/4, Oracle Systems, which fell 1/4 to 21 1/4, and Microsoft, which dropped 1/4 to 78 1/4. (Bloomberg, AP)

Yen Rises After Talks On Trade Accord Fail

Compiled by Our Staff From Dispatches

NEW YORK — The dollar slipped against the yen Friday as President Bill Clinton announced that he and Prime Minister Morihiro Hosokawa of Japan had failed to reach agreement on ways to increase American exports to Japan.

"It looks like the U.S. and Japan are in a stalemate," Dennis Pettit,

"The administration will want the yen to remain firm as trade tensions persist," Amy Smith, senior foreign exchange analyst at IDEIA, a New York-based consulting firm, said. She said she expected the yen to strengthen further next week.

Another analyst said a stronger yen "would not be too difficult to achieve," as the market was already "leaning in that direction" on fundamental factors.

The dollar was slightly stronger against other major currencies, rising to 1.7540 Deutsche marks from 1.7534 DM on Thursday, to 1.4800 Swiss francs from 1.4793 francs and to 5.9585 French francs from 5.9515. But the pound edged up to 1.4627 from 1.4625. (Bloomberg, AFX, Reuters, Knight-Ridder)

Foreign Exchange

Foreign-exchange manager at Long-Term Credit Bank of Japan in New York.

Traders had been selling dollars against the yen throughout the day, speculating that U.S. officials, feeling frustrated at the bargaining table, would resume calls for a strong yen as a means of reducing Japan's exports and its trade surplus.

The dollar tumbled against the yen last year after Mr. Clinton and others said a strong yen would help reduce the trade surplus by making Japan's exports more expensive.

The dollar was quoted late Friday at 107.18 yen, down from 108.25 yen at Thursday's close. Traders said the dollar probably would have fallen further if a snowstorm in New York had not prompted many banks to halt trading early.

Dealers said a temporary easing of inflation concerns after a lower-than-expected rise of 0.2 percent in U.S. producer prices in January data tended to pull the dollar down as well as it seemed to reduce chances of the Federal Reserve Board moving to raise interest rates again.

Dealers said weak retail-sales data also hurt the dollar. Bad weather in many parts of the United States helped to push sales down 0.5 percent in January, contrary to consensus expectations of a gain. Some economists expressed concern that the drop might be a signal of lingering problems in the U.S. economy.

WASHINGTON: Absent-Minded Professor Adjusts to Life Away From the Ivory Tower

Continued from Page 9

eyed, smiling and comfortably round, he is simply having too much fun nunching his way through "the smorgasbord of interesting problems" that wind up on the council's agenda.

"I have the greatest job in Washington," he said. "The biggest surprise, he added, is the fact that Washington isn't populated by a bunch of backstabbers."

"When a decision is informed, when we've had an intelligent discussion," he said, "I don't feel bad when people don't go along with our recommendations."

The work Mr. Stiglitz has done in the past gives important clues to advice he'll give in the future.

His analysis of insurance markets concludes that they frequently break down because it is impossible for insurance companies to know

as much as individuals do about their true health status. His solution? Universal coverage.

His theories about credit markets suggests that high interest rates may not ease credit crunches because they attract poor credit risks. And his analysis of labor

markets suggests that discrimination can be self-reinforcing, not self-correcting as conventional economic models imply.

"What I've tried to do for first time is to shift the paradigm," Mr. Stiglitz said. "The key to economics is problems of information — who knows what — and these problems of information are core to our understanding of all our institutions."

Some other economists question whether market breakdowns in theory are pervasive enough in reality to warrant an entirely new economic paradigm.

"Markets get the wrong answer. That's a logical pass that can't be ruled out," said Robert Lucas, an economist at the University of Chicago. "But he never turned the corner into quantitative research. It doesn't give you a prescriptive apparatus either."

Others worry that Stiglitz is too ready to believe that government intervention will work as benignly as intended.

John Taylor, a friend at Stanford and a member of the economics council under Mr. Bush, added that he, for one, was confident that a spell in Washington would remedy any such naivete.

Mr. Stiglitz's recently published introductory economics text contains hundreds of pages on market failures, but just a few on government

intervention. "There will be more stories about government failures in the second edition," he said.

Perhaps, what's certain is that the sojourn in Washington is not likely to tarnish his reputation as an absent-minded professor.

Twenty minutes into a recent meeting of Mr. Clinton's economic

team, for example, Leon E. Panetta, the budget director, who had been starting at Mr. Stiglitz, jumped up, exclaimed, "I can't stand it any more," and walked behind the economist to straighten his tie.

Mr. Stiglitz — and not his colleagues say, for the first time — had tied the tie on top of his collar instead of beneath it.

WORLD STOCK MARKETS

Agencies: Reuters, Feb. 11

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EU Cancels Import Offer For Bananas

Compiled by Our Staff From Dispatches

BRUSSELS — The European Commission said Friday that it had withdrawn an offer made in December to increase banana imports from exporting countries in Latin America, whose position apparently was backed by an arbitration panel.

The EU offer of improved market access was conditional on the five Latin American nations dropping a complaint to the General Agreement on Tariffs and Trade that EU banana-import rules introduced in July were discriminatory.

In Geneva, sources said a report by a GATT arbitration panel condemning the EU import rules was submitted on Friday to all members of the GATT Council, who must unanimously approve it to make it effective. But because the EU is on the council, it is unlikely to accept the findings, which were submitted to the countries involved in January.

The Commission offered in December to increase a 2 million ton-a-year banana import tariff quota to 2.1 million tons in 1994 and to 2.2 million tons in 1995.

The Latin American countries are Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela. Guatemala and Costa Rica rejected the offer, a commission official said.

The EU earlier rejected a proposal by Guatemala to increase the EU banana import quota by 500,000 tons, to 2.5 million tons and to reduce tariffs.

Deepening Crisis at Ascom

Finance Chief Quits in Dispute With Board

Reuters

ZURICH — The abrupt departure of Ascom Holding's finance director has pushed the Swiss company deep into crisis, making the speedy sale of its unprofitable units imperative, industry analysts said Friday.

"The company needs visible results, and they must come from closure or sale of activities," said Roland Lenteneger, a stock analyst with Bank Julius Bär.

News of his departure helped drive Ascom's share price lower in Zurich trade on Friday. In late trading, the shares were quoted at 1,230 francs (\$820, down 50 francs).

Mr. Ritschli is not the first senior executive to leave the company at short notice. A former chief executive, Leonardo Vanotti, resigned at the end of last year.

Ascom said earlier this month that it was expecting to report a group loss of 150 million to 350 million Swiss francs (\$100 million to \$235 million) for 1993, but added it hoped to break even in 1994 and at least avoid a loss from operations this year. In the first half of last year Ascom reported a loss of 79 million francs.

Heinrich Steinmann, a board member, said Thursday that the company could imagine linking up its cable activities with American Telephone & Telegraph Co. Ascom also said in December that it would form a joint venture with the German electronics concern Robert Bosch GmbH to produce private mobile radios.

The plans would give Bosch a majority interest in a joint venture incorporating Ascom's unprofitable Ascom Radiocom AG, which mainly produces mo-

bile radios for such public authorities as police forces and railroads, and for transport companies. Ascom was formed from a merger among three traditional suppliers to the Swiss national post and telecommunications service, which had previously thrived in the protective haven of the Swiss domestic market.

But recession, liberalization of the telecommunications market and reduced public purchasing

'Ascom is certainly in crisis. Any company that is losing an annual 300 million francs is in crisis.'

Roland Lenteneger, stock analyst, Bank Julius Bär.

have forced Ascom into deficit, obliging it to attempt to restructure.

Analysts say the company must now sell units to halt losses. "Ascom is certainly in crisis," Mr. Lenteneger said. "Any company that is losing an annual 300 million francs is in crisis."

"The company made one big mistake in the past," he added, "and that was to concentrate on acquisitions and external growth, rather than on integrating existing activities."

Viktor Damman of Bank Vontobel also said that sales of units were needed. But Mr. Damman said Ascom still had some cards to play.

Mr. Damman, who estimated the 1993 loss at about 280 million francs, noted that in some areas, such as transmission, cordless phones and ticketing machines, the company could boast state-of-the-art technology.

Cap Gemini Pins Loss on Economy And Restructuring

Compiled by Our Staff From Dispatches

PARIS — Cap Gemini Societe SA said Friday its loss widened last year to 434 million francs (\$73 million) in 1993 from the 80 million francs it reported a year earlier, and the software and computer-services concern said it would seek 1.5 billion francs of new capital.

Cap Gemini, which is linked to Daimler-Benz AG through its holding company, also revealed that the 80 million franc profit reported a year ago included a significant capital gain from the sale of its former headquarters. Without the additional income, it said, its loss would have been 333 million francs.

Pierre Hessler, the deputy managing director, said the company saw cause for optimism this year. He said a difficult economic climate and the company's restructuring program were the roots of the losses in the last two years. Mr. Hessler refused, however, to provide a 1994 profit forecast.

Mr. Hessler said an improving economy and reduced financing charges would help the company this year. He said Cap Gemini expected financing costs to fall after the capital increase, details of which were vague. The company said earlier in the day that Societe SA, its largest shareholder, would subscribe to 61.5 percent of the

increase. Daimler has a substantial minority shareholding in Societe. On the Bourse on Friday, Cap Gemini's shares fell 10.80 francs, to 218.20.

Vincent Grimond, the vice chairman of the company, said Cap Gemini would raise additional funds by accelerating its program of selling nonstrategic assets. He did not provide details, but he said the company's asset disposals last year totaled 200 million francs.

The company did say that it had recently sold its stakes in Jacobson & Widmark AB of Sweden, Carlecomp Oy of Finland and Copernique of France.

Another asset shift involves the planned merger in Germany of Cap Debis, of which Cap Gemini owns 49 percent, with Debis Systemhaus GmbH, which owns the rest. Cap Gemini said the move would reinforce its link with Daimler-Benz Intersecurities AG, known as Debis, the financial services unit of Daimler-Benz.

In its earnings statement, which was provisional, Cap Gemini said its sales fell 7 percent, to 11 billion francs, although without exchange-rate fluctuations the decline would have been 4 percent. This revenue figure did not include Societe Consulting's sales, which \$516 million.

(Reuters, AFP, Bloomberg)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2400	3500	3400
2200	3300	3200
2000	3100	3000
1800	2900	2800
1600	2700	2600
1400	2500	2400
1200	2300	2200
1000	2100	2000
800	1900	1800
600	1700	1600
400	1500	1400
200	1300	1200
0	1100	1000
-200	900	800
-400	700	600
-600	500	400
-800	300	200
-1000	100	0

Very briefly:

- British Aerospace PLC said its chairman, John Cahill, will resign at the next annual meeting. He is to be succeeded by Bob Bannan, who is to retire as chief executive of SmithKline Beecham PLC at the end of April.
- Istituto per la Ricostruzione Industriale, the Italian state holding company known as IRI, said the sale of its 54 percent interest in Banca Commerciale Italiana SpA will start Feb. 28. The price will be set Feb. 26.
- West German retail sales fell an inflation-adjusted 6 percent in December from a year earlier, to 68 billion Deutsche marks (\$39 billion), the Federal Statistics Office said.
- Siemens AG and Motorola Inc. said they would build a mobile phone network in Kuwait. Siemens valued the contract at 50 million DM.
- Pentos PLC, the British retailing company, said it is selling a 53-store computer chain called Rymen Computer Stores to Cellular Communication Corp. for £100,000 (\$146,000). Pentos said it would take an exceptional charge of £3.9 million against 1993 results.
- Burford Holdings PLC, a British real estate company, said it will buy 15 properties from Ladbrooke PLC for about £100 million. Burford said the acquisition would be financed by the sale of three new shares at 92 pence each to holders of five existing common shares.
- Royal KNP BT NV, the Dutch paper and office products company, said it expected a loss before extraordinary items of 23 million guilders (\$11.7 million) for 1993. It reported profit of 175 million guilders a year earlier.
- KLM Royal Dutch Airlines plans to streamline its corporate structure and reduce the number of its divisions to two from three. The Dutch carrier will merge its freight division with its passenger transport division. The structure of its operations division will also be revised.
- The French economics minister Edmond Alphandery said he foresaw only limited possibilities for lowering French interest rates independently of trends in other European countries.

LLOYDS: Profit Climbed in '93

Continued from Page 9

est," with a "substantial" further recovery to come.

Lloyds' British retail-banking operations reported a 1993 pretax profit of £74 million, reversing a pretax loss of £32 million the previous year.

Retail operations, Mr. Tibbs said, were still affected by weak loan demand from small businesses, although there had been some upturn in loan demand in 1993.

The chief executive of Lloyds Bank, Brian Pitman, said there had been a "substantial increase" in demand for personal loans, largely consumer loans and mortgages, and a "slight turnaround" in the commercial sector.

But he said demand for loans to small businesses continued to be subdued and loan demand from large corporations was actually declining, with many big businesses looking to rights issues and bonds as sources of new funds instead.

The combination of weak loan demand and increasing competition in the financial sector was causing a "confining squeeze on margins," Mr. Pitman said.

Mr. Pitman said he expected margins to continue declining at Lloyds and elsewhere in the financial-services sector, as competition was continuing to intensify.

Mr. Tibbs added he saw "some degree of consolidation and restructuring" in financial services in Britain necessary and "inevitable."

He said the restructuring would mean further job losses, although he said there would be no "violent or sudden" job cuts at Lloyds.

Lloyds stock, which was the only major British bank to underperform the London Stock Exchange in 1993, was unchanged at 615 pence Friday. The shares rose 16 percent in 1993, while the Financial Times-Stock Exchange 100-share index was gaining 25 percent.

(Bloomberg, AFP, Reuters)

Tony O'Reilly Strikes Again

Compiled by Our Staff From Dispatches

LONDON — Independent Newspapers PLC, the Irish publisher controlled by Tony O'Reilly, said Friday it was taking a majority stake in a London press concern, only days after Mr. O'Reilly bought major holdings in newspaper companies in South Africa and Britain.

Independent Newspapers, Ireland's biggest media company, said it was buying nearly 67 percent of Capital Newspapers PLC from the British publisher EMAP PLC and Sunbeam Ltd. for £4.8 million (\$7.02 million).

The agreement is subject to the approval of the Department of Trade and Industry.

Capital has nine paid-circulation newspapers and five free newspapers. Independent said it would consolidate them with the Greater London & Essex Newspapers concern it already owns. The latter has two paid and six free papers.

Ray Tindle, through Tindle Newspapers Ltd., is to retain a 33 percent stake in Capital Newspapers. Independent Newspapers said Mr. Tindle has granted it an option to buy this holding.

If the option is exercised at the end of a five-year option period, the maximum consideration payable would be £3.3 million, it said.

Industry analysts say Mr. O'Reilly, who is also chief executive of E.I. Heine Co. in Ireland, is intent on turning Independent Newspapers into a major international media concern. It is fighting a consortium led by Mirror Group Newspapers PLC for control of Newspaper Publishing PLC of Britain, owner of the ailing Independent and Independent on Sunday, newspapers not related to Mr. O'Reilly's company.

Mr. O'Reilly spent £18.4 million on a 24.9 percent stake in Newspaper Publishing last week.

Canal Plus Aide Quits Havas Post

Bloomberg Business News

PARIS — André Rousselet, chairman of the French pay-television channel Canal Plus SA, has resigned from the board of Havas SA, the station's controlling shareholder, to protest a reshuffling of Havas share capital, Canal Plus said.

It was reported Friday that Havas put its 23.5 percent stake in Canal Plus into a jointly held company with Compagnie Generale des Eaux SA.

(Reuters, AFP)

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.	Year	1993	1992
Australia			
Pacific Dunlop	1993	1992	
Revenue	1,144	1,144	
Profit	180	119	
Per Share	1.14	0.79	
a: Loss, 1992 results restated.			
Canada			
Noranda	1993	1992	
Revenue	3,472	3,472	
Profit	1,037	750	
Per Share	1.03	0.75	
a: Loss, 1992 results restated.			
United States			
Fleming Companies	1993	1992	
Revenue	3,147	3,147	
Profit	1,144	1,144	
Per Share	1.14	1.14	
a: Loss, 1992 results restated.			
France			
Grace (W.R.) & Co.	1993	1992	
Revenue	1,144	1,144	
Profit	180	119	
Per Share	1.14	0.79	
a: Loss, 1992 results restated.			
Germany			
Hosbro	1993	1992	
Revenue	1,144	1,144	
Profit	180	119	
Per Share	1.14	0.79	
a: Loss, 1992 results restated.			
Italy			
Goodrich (B.F.)	1993	1992	
Revenue	1,144	1,144	
Profit	180	119	
Per Share	1.14	0.79	
a: Loss, 1992 results restated.			

NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. See The Associated Press.

(Continued)

12 Month High Low Stock Div Yld PE Ratio High Low Last Change

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12 Month High Low Stock Div Yld PE Ratio High Low Last Change

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Friday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

[illegible]

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

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Malaya
13th March

INDIA:

THE MONEY REPORT

FIRST COLUMN

Modest Tip To Readers: Sell Pounds

EVER mindful that those who claim to know what will happen in tomorrow's markets are either fools or charlatans, here is an investment recommendation for dollar investors with U.K. assets: Sell the British pound.

There are a number of good reasons to do so. First of all, it has not been a good week for the U.K. government — a sorry and confused administration whose "back to basics" policy seems to be a euphemism for "back to my place." And a perception of further weakness in the U.K. administration has harmed the pound.

More importantly, the economic news is not good for sterling, especially when viewed from a dollar-oriented investor's perspective. The best guess at the future direction of both U.K. and U.S. interest rates is that they are headed north. U.S. rates, after reaching their lowest point for almost three decades have almost nowhere else to go, and the tiny cut in U.K. rates signals the bottom of the downward cycle.

And then there is inflation to consider. The most optimistic scenario economists were offering was two years of relative stability predicated on the assumption that British consumers are still battered by debt and poor enough to force retailers to slash margins and cut prices. Hardly a confidence-inspiring analysis, and a long way from the glad, sunny morning of exchange rate mechanism membership. That was an era when some Whitehall mandarins produced the notion that sterling would become the mainstay of the ERM as inflation was eradicated from the U.K. economy. The markets treated that little daydream with the mild contempt it deserved.

And then there is cyclical, a concept used by economists and analysts when they really mean they have a hunch that something's bound to move back in the direction from whence it came. This column's view is that after a long period of being oversold the greenback will now be overbought for some time. That view applies to its value against every major currency, notably the yen and the Deutsche mark. But if you want to make a bit of quick money trade, bet on the less-important dollar-sterling rate and go short on the pound.

M.B.

Cheap Stocks: In General, You Get What You Pay For

By Conrad de Aenle

CHANCES are owners of battered stocks were spared much further insult when the American market took a sharp dip last week, after monetary officials said they were inclined to nudge interest rates up. The bottom-dwellers usually follow their own path, untouched by the meanderings of the market at large. The trouble is that the path generally is downward, and the prevailing wisdom is that such wretched shares are best avoided.

The Value Line Investment Survey, which has been ranked the best newsletter for more than a decade by independent raters, attained such success by doing just that. Its analysts follow a momentum system that ranks stocks by their growth in earnings and price and bets on those near the top in both.

Nothing kills momentum like a frightening cascade, such as the one a week ago Friday, when the Dow Jones industrial average lost 96 points, or more than 2 percent. Steve Sanborn, Value Line's research director, concedes that the fall probably brought his high fliers closer to Earth.

"Stocks selling at high price-earnings ratios are the ones we tend to like, and they are often volatile. You can have a good deal of movement in them," he said. "They probably got hit hard Friday, but they're probably coming back pretty well today." (The Dow recouped about a third of its loss the following Monday.) Low-priced stocks, he said, "probably weren't hit as hard Friday, but they're still not good investments."

The reason they are so hopeless, according to him, is that figuring out when these investments are finally going to have a worthwhile rally is pretty difficult.

"When you're investing in companies that have earnings that are growing rapidly, you can buy at the wrong time," he said, "but eventually those earnings will bail you out. The market will recognize those earnings. On the other side, you have to pick the turns."

He noted that auto stocks were supposed to come back to life three years ago, but they only did so two years after that. When stocks in those cyclic industries do bounce back, usually when the economy picks up from a protracted downturn, it can happen with tremendous force.

"When you're coming out of recession, that's the time when depressed cyclical stocks have a big shot of earnings," Mr. Sanborn said. "At some time the market does recognize this, often all at once. The market all of a sudden

Bottom Fishing

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Shoring losers to win

says, "We like auto stocks or airline stocks, or whatever, and they move very quickly.... Our system doesn't always pick them up."

Some advice from Lance Stoner, research director at Ned Davis Research: Don't even bother trying. He believes that calling the turns is a thankless and unprofitable undertaking.

"Our philosophy around here is to take a trend-sensitive approach," he explained. "We'll wait for the trend to turn up before recommending a buy. We believe it's much safer to go in the direction of the trend."

What about when the overall trend is lower? Are depressed stocks so low that they are immune from further loss in a declining market?

"Low-priced stocks do go down more in a bear market" than the average stock, Mr. Stoner says. "That's common sense and that's what we've found."

Actually, the time to bottom-fish may be during periods of market strength. Standard & Poor's compiles an index of low-priced stocks and one of high-grade companies. During rising markets the low-price index tends to pull away from the high-grade and come back down in a slumping market.

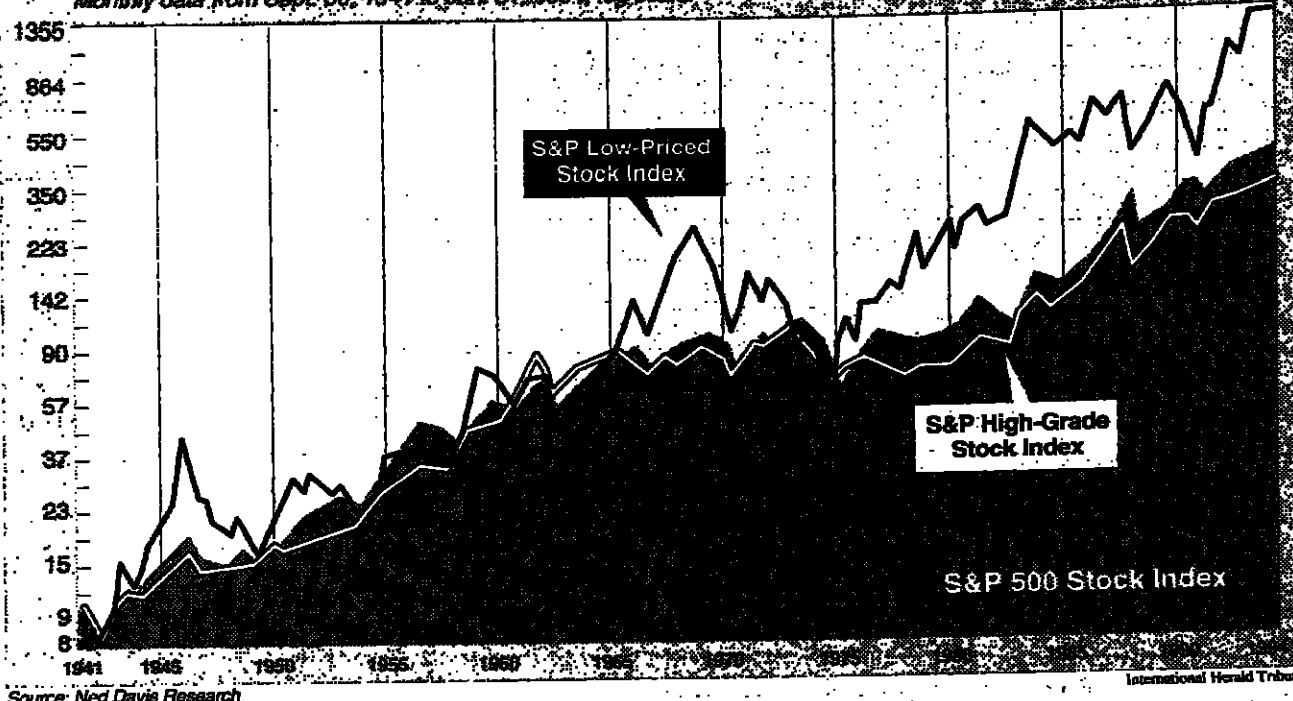
The two indexes were last equal in 1974, during the last major bear market bottom. Since then the low-price index has risen at a much steeper curve and now stands well over three times the level of its higher-quality counterpart. One reason for this could be the selection criteria. If a low-priced stock does well, its price isn't low anymore and it is replaced by a cheaper issue. Another possibility is that low-price companies may not be down-on-their-luck behemoths but just smaller, younger companies, which tend to outperform bigger ones.

Stephen Leeb, editor of the value-oriented newsletter Personal Finance, has a more benevolent, but still lukewarm, attitude toward depressed issues: "Our general view is come what may in the stock market, barring a real calamity, there are always cheap stocks to look at."

In a major earthquake no one does well, he

Searching High and Low for Good Buys

Monthly data from Sept. 30, 1941 to Jan. 31, 1994. Top panel



Source: Ned Davis Research

said, but little tremors may uncover opportunities worth pursuing.

To evaluate the market's genuine stinkiness in the hope of ferreting one out that's primed for resurrection requires case-by-case study, he said. "The current market is not a factor. Those stocks are going to follow the fundamentals of the company; they're not market dependent."

The problem is most of the time, the fundamentals are lousy. That's why they're so cheap, and it's why Mr. Leeb believes "it's best to stay with big-cap stocks, not the ones that are totally out of favor."

He looks for companies that have fallen upon hard times but still are basically sound. It is this variety, he said, that can better weather a strong decline in the averages.

"We could be looking at a correction of 10, 15, 20 percent," he said, "but some stocks have already had their correction. I wouldn't be buying aggressively, but there are some stocks worth a look."

Among these are NationsBank, Bancorp Hawaii, Bristol-Myers Squibb and Philip Morris.

"These are stocks that never really partici-

pated in the bull market but have good fundamentals," Mr. Leeb said, including high dividend yields and strong sales growth.

Bernadette Murphy, a technical analyst at M. Kimmelman & Co., agrees with the trend followers and encourages sticking with what has been doing best. The only depressed issues she will consider are members of the best industry groups after their prices have corrected.

"If you're bottom-fishing in the leadership that's in the stock market, I think you're okay, buying the best group when it's low in price," she said. An example she gave is aluminum companies. Shares in the leading manufacturer, Alcoa, fell 2 to 4 percent during the market break last week, but by late this week they had recouped their losses and then some.

"I really think that you want to stay with the true leadership of the market because that's where the emphasis is, there's usually good reason for that leadership," Mrs. Murphy advised. "The leadership is clearly defined and I think it will persist. It's better to buy than bottom-fishing the leadership of the 1980s."

During that decade, the market was led

higher by consumer businesses, such as foods, drugs and tobacco, all of which have been in a funk.

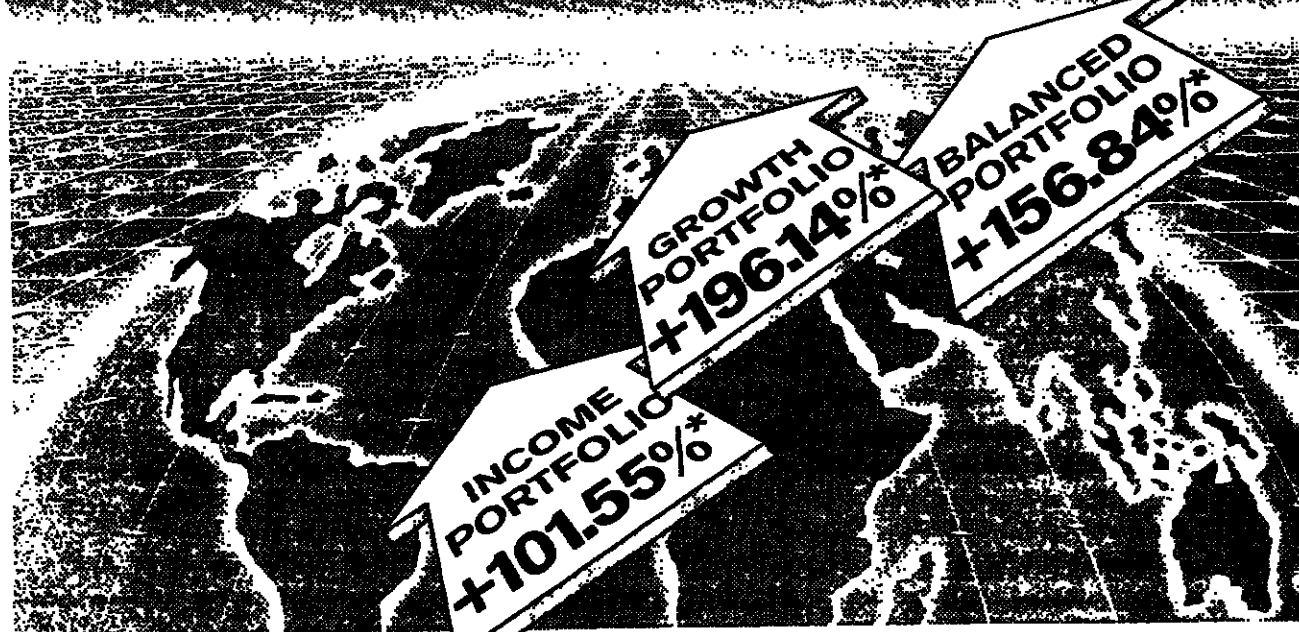
What also has changed from the 1980s is the age and strength of the bull market. When it was in its prime, a good strategy was to pick the worst of a high-flying group and wait for it to catch up.

"That type of approach worked in the '80s, but in the '90s it's more stock selection," Mrs. Murphy said. If a group was strong, you could buy any of the stocks. That doesn't apply today.

But she said it might apply after stocks have had a severe decline and a new bull is taking off, something not in prospect for the time being. "I would think that at this juncture, with a sell-off taking place, it's a buy-the-dip type of market. The low-priced stocks are not the place to be, out of favor is not the place to be. At some point it will be, but not now."

The Money Report is edited by
Martin Baker

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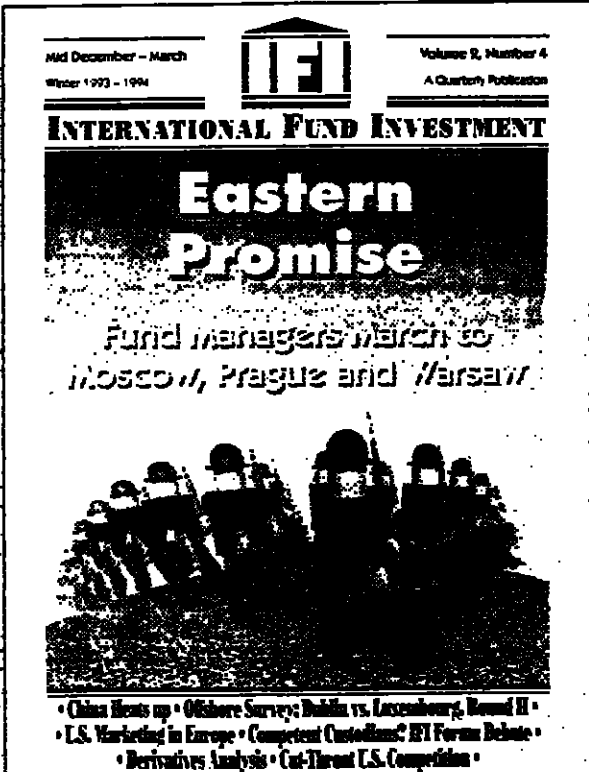
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THE MONEY REPORT

'Distressed' Firms Entice Some Intrepid Investors

By Judith Rebek

In recent weeks, the American financial community has been witnessing the spectacle of a mutual fund management company playing a high-stakes role in a takeover bid for R.H. Macy & Co., the bankrupt department store empire. The publicly held Fidelity Capital & Income fund holds a \$140 million stake in the bank debt of Macy's, and other Fidelity funds hold smaller amounts. That makes the giant money manager one of Macy's biggest creditors, and most likely gives it a say in who will acquire the company, and for how much.

The Macy's affair has thrown the spotlight on the concept of investing in "distressed," or bankrupt, companies. This risky arena is also attracting attention because of its low correlation with the broad stock and bond markets.

Many investors are feeling jittery about both right now.

One way to play the distressed-investing game is to buy shares in companies that are undiscovered because they have recently emerged from Chapter 11 of the U.S. Bankruptcy Code. (Under Chapter 11, a company stays in business, but can legally hold off its creditors while it is working to regain solvency.)

When a company has recently emerged, very few analysts follow it, so it doesn't trade at fair value. Its equity base isn't big enough to be on the radar screens of the big funds," said Jack Hersch, head of research at M.J. Whitman LP, a New York firm that specializes in distressed securities. He cited U.S. Gypsum, a company that started trading in the low teens when it came out of bankruptcy last spring. "As people caught on that it was repaired, and would be the beneficiary of economic upturn, it tripled to the low 30s."

Mr. Hersch is currently recommending two other companies that were in Chapter 11, but are, in his view, on the comeback trail. Hills Department Stores, a retailer, is selling at \$21 a share, and he believes it could go as high as \$30 in the next year. He also likes Envirodyne, a company that makes casings for sausages and plastic cutlery.

"Remember these are businesses that have always done well," he emphasizes. "Their problem was that their capital structures were poor, meaning they had too much debt. Now they've

restructured, converting debt into equity, giving their companies a much healthier structure."

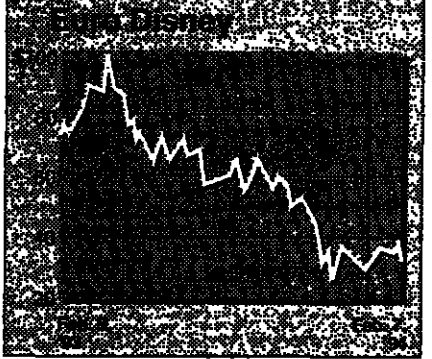
To be sure, plenty can go wrong with recovering companies. Even after reorganizing they may still have too much debt on their balance sheets, leaving little room for error. One short-lived revival was Memorex-Telex, a computer company which emerged from bankruptcy in 1992, only to fall back into financial difficulties. Its stock plummeted to 3 cents a share from 75 cents, and it is heading into bankruptcy for a second time.

But just wiping out debt may not be enough, warns David Millison, director of research at Dabney/Rosnick, a Beverly Hills, California, firm that deals in equity and debt of over-leveraged companies.

"You have to be sure the operations are working that produce earnings," he said. "Or maybe the management team that led it into difficulty is still running the new company."

He noted some skepticism in the financial community about one of his favorites, Mesa Capital, in part because of its chief executive, T. Boone Pickens. The controversial executive overhauled the oil and gas exploration group with debt during an acquisition binge in the mid-80s, and he is still very much in charge.

Another pitfall is misjudging when a company



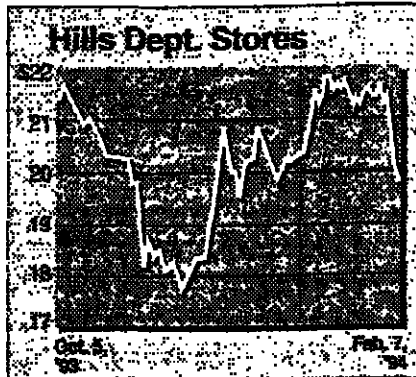
will emerge from bankruptcy and pay off its creditors.

"We'll buy bonds of a distressed company that are high in the pecking order for repayment, but the real question is not if they'll pay, but how long the bankruptcy will take," said Charles Carlson, portfolio manager for Greenspring Fund. He cited Columbia Gas Systems, a natural-gas distributor that filed for bankruptcy in 1991.

"The consensus was that it would be out by now," he said, "but it's taking much longer than anticipated." As a result, Mr. Carlson reckons investors who committed on a 20 percent return on the bonds will have to settle for an annualized return of about 10 to 11 percent.

David Dreman, who runs the Dreman High-Return Fund, liked the prospects for Columbia Gas so much that he loaded up on 2 million shares, about 5 percent of those outstanding in 1991.

"I think there is only a 50-50 chance that it will emerge from bankruptcy in 1994," he said. The stock, which he bought at an average price



of \$17, has recovered to around \$25. "It should trade in the mid-30s in two years," he said.

Some companies manage to work out their financial difficulties without filing under Chapter 11. One such group is Bally Manufacturing, which owns casinos and health clubs.

"A smart manager came in and cleaned house," said Mr. Millison. "They've gone through several years of tough times, but their debt rating has just been raised by Standard & Poor's." Trading at about \$9 a share currently, he has targeted a price of \$17 this year.

The Bally story, he said, underscores another aspect of distressed-company investing. "It doesn't happen overnight. We've been looking at it for three years."

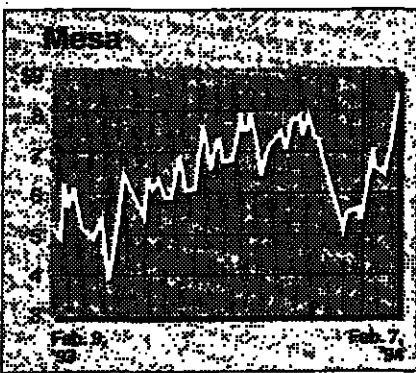
For some of the professionals, the next great frontier is Europe, even though its market for investing in distressed companies is still in its infancy. For one thing, there are fewer public companies in trouble in Europe. But more important, said Mr. Hersch, "people in Europe are still uncomfortable with the taint of insolvency, let alone bankruptcy. He pointed to the near-collapse in December of Metallgesellschaft, the German metals and industrial conglomerate.

"In the U.S.," he said, "that would have been a bankruptcy. Instead, they're adding more capital."

The melodrama of Euro Disney, the financially beleaguered theme park, has also attracted global attention. One of the company's creditors, Midland Bank, has unloaded \$22 million of its Euro Disney debt for 60 percent of its original value. Some other deals have reportedly been made, and American investors are clamoring for more.

But those investors are big institutional players. The common stock of Euro Disney is deemed worthless by American observers, who warn it will be some time before the story plays out. So for now, individual investors who want to dabble in this arcane and risky marketplace will have to turn to the United States.

"There's always a company falling out of bed," Mr. Milligan said confidently.



Buy Cheap and Sell High: Cool Investors' Options

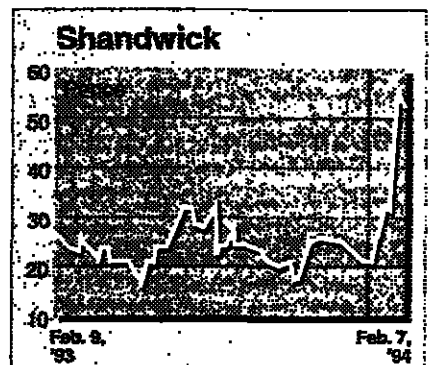
By Rupert Bruce

THE theory of "recovery investing" has been well tried and tested in the British stock market. Whether it holds good or not is open to argument, but many investors follow it. So what is it?

In short, the theory of recovery investing says that many investors lose their objectivity when a company gets into trouble and just sell almost without regard to what the investment is worth. This means there is often value for the cool-headed and discerning.

Shandwick PLC, a British-based international public relations group, has recently underlined this point. Its fortunes sank fast during the recession in Britain and the United States as its clients decided to cut back on public relations. Last September its shares languished at 3 pence (about 5 cents) apiece.

By the beginning of this year they were up to 22 pence and this week they were trading in the



mid-50s. Results for the year ended Oct. 31, released Jan. 25, showed operating income, mainly from public relations fees, up £8 million to £101.2 million. Just as important, the group disclosed that it had newly extended three-year banking facilities, showing that its banks had confidence.

Suddenly investors realized that Shandwick — which has a negative net worth — had "high operational gearing" (financial jargon that means that most of the money the company takes in ends up as profit) and might be able to avoid a much-feared rights issue, if it so wished. After a week of frenetic buying, the shares were up in the mid-50s and Julian Treger and Bryan Myerson's U.K. Active Value Fund, a well-known recovery investor, was revealed as having acquired a 3 percent stake.

A case of longer-term success for recovery investing in Britain is provided by the M&G Group, a British investment manager. It founded the £1.3 billion M&G Recovery Fund, a U.K. open-ended mutual fund, in 1969. It has been spectacularly successful and handsomely

outperformed the FT All-Share Index, the yardstick for the British stock market.

The M&G Recovery Fund is up 5,840 percent since its inception (7,452 percent when measured in dollars), while the FT All-Share Index is only up 1,059 percent (1,544 percent in dollars).

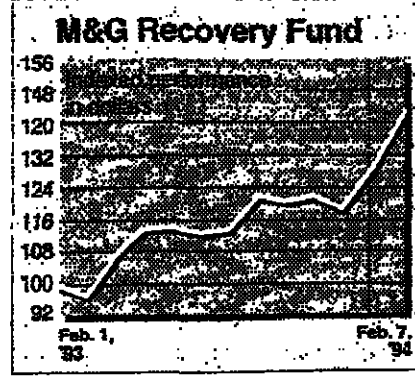
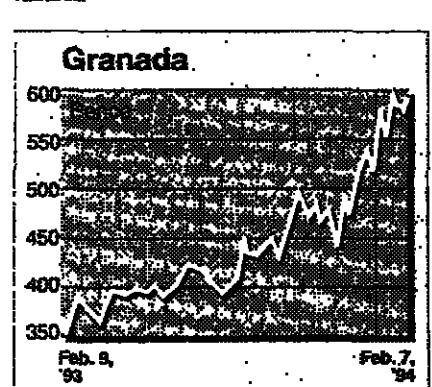
Richard Hughes, the fund's manager, said, "Companies will from time to time, for general economic reasons or more specific company reasons, get into trouble where the numbers or the outlook does not look great and many shareholders become sellers of the stock."

"Our view of these problems," he said, "is that some of them can be solved either by change of management or an injection of capital, or sometimes both, and if you are willing to take a long-term view when they emerge on the other side the people who were unwilling to hold them when there were problems become buyers of the stock and they become miracle stocks and they suddenly zoom up."

Mr. Hughes was at his busiest in the darkest days of Britain's recession. But since the pound left the European exchange-rate mechanism in September 1992, he has not been buying so many troubled companies. Instead, he has been watching those he bought recover.

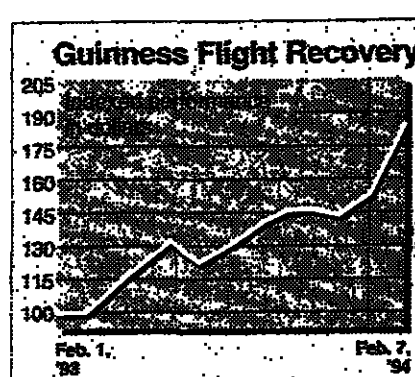
The fund always tends to perform spectacularly well when the British economy is leaving recession, as its holdings recover, but badly just before and during recession. During the last recession, the fund fell 18.1 percent (36 percent in dollars) between January 1989 and August 1992. Since then, however, it has risen more than 80 percent, (although only about 40 percent in dollars because the pound has depreciated against the dollar).

Among its biggest successes is Granada. Mr. Hughes bought the shares in May 1991 at 145 pence; last week they were about 570 pence. When Mr. Hughes bought his shares in a rescue rights issue, things did not look good. The leisure group had just sold its bingo business to Bass, and Roger Lewis, the chief executive, had just left. The merit of taking a portfolio approach to recovery investing — and spreading the risk — is shown by M&G's failures.



It invested in Lowndes Queensway, the carpet company, and Davies & Newman, the owner of Dan Air. Both turned out to be victims of the recession. Even though the recession is over, however, there are still some recovery stocks.

Michael Beggs, manager of the Guinness Flight Recovery Trust, believes there is still recovery potential in some of the building stocks even though many have already performed exceptionally well since their low point in the summer of 1992 when some of them seemed bound to go under. Banner Homes, for example, is already up about 10 times from its lowest point, but could do the same again, he says.



In addition to the British recovery funds, a breed of hedge fund is looking at what it dubs "distressed" securities in Europe. This breed invests in any class of security in a troubled company — often one involved in a restructuring. It may buy bank debt, bonds, or shares, according to its view of where there is value to be found.

Perhaps the best-known of these — thanks to its central role in restructuring Greycoat, the British property company, is U.K. Active Value Fund. This, however, is closed to new money. An example of a group that runs funds using distressed securities strategies alongside special situations strategies like arbitrage and speculating on the outcome of takeovers is London and Bermuda-based Everest Capital.

Alternatively, offshore investors can access recovery-type management through the Dublin-based Scottish Value Portfolio, run by Colin McLean's Scottish Value Management. It incorporates recovery investing in its value-based style. The minimum investment for the fund is £10,000.

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THE MONEY REPORT

The Worst Funds: Some Folks Just Can't Stay Away

By Michael D. McNickle

Do things really get better because they can't get any worse? The answer is a resounding maybe. For verification, ask investors in the worst-performing funds over the past decade, many of whom have seen very bad turns to worse, and then turn to even worse.

Take, for instance, the Steadman American Industry fund, based in Washington. "Arguably the worst fund covered by Morningstar," an analyst wrote last year, referring to the Morningstar mutual-fund rating service.

A Morningstar rating sheet for the year ended Dec. 31 ranked four Steadman funds among the 10 lowest-performing funds of the last decade, with the worst, Steadman Oceanographic Technology & Growth, during which the value of the fund shrank an average 9.34 annually during the 10-year. (Oceanographic has changed its name to Steadman Technology & Growth fund).

Two of the funds also made the five-year lowest-performance rating, with second place boasting a loss of 6.59 percent and sixth place a 3.99 percent loss.

All of this might lead one to ask why the fund is still around. Published reports note that the U.S. Securities and Exchange Commission at one time even barred one of the funds from accepting new money. The funds also gained the attention of state securities authorities which resulted in cease-and-desist orders proscribing the sale of the fund in a number of states.

A decision last year by the U.S. appellate court in Washington, overturned the SEC action clearing the way for the fund to accept new money. And Charles Steadman, the chairman and president, noted that the funds have made some major changes. He said that the Steadman Associated fund, for example, was up 35 percent for the fiscal year ended Sept. 30 and is "now moving in a respectable pattern." Moreover, Mr. Steadman said, the firm had implemented changes in the way it selected and retained shares. He notes that the funds now have a "more evenly weighted" portfolio for the most part, whereas there were heavier positions taken in past years, "so we've changed that, and the results have begun to improve."

Mr. Steadman also said that in addition to improving their "selection process" the firm will drop an investment "more quickly" than in years past if appropriate. Tread carefully. In recent years the fund's expenses have been nearly 7 percent, according to published reports. And while the Steadman funds are a high-profile figure in the eyes of fund watchers, alas they were not alone.

So the bulk of the evidence suggests that poor performers often

stay that way. But that is not always the case. Investment returns to the end of last year provide a good example. Nearly a third of the worst performers over 10 years, and at least 40 percent of the worst funds over five years, lost money. The funds were mostly invested in gold, silver or varied mining stocks. Since then, these sectors have picked up spectacularly.

Lexington Strategic Investors of New Jersey was ranked third among the 10-year losers with a

A leading mutual fund rating service identified Steadman American Industry fund as 'arguably the worst fund covered by Morningstar.'

shrinkage of 7.58 percent, but over the year ended Dec. 31 reported the highest return with an astounding 264.94 percent. A half dozen funds invested in precious metals moved off of the lowest-performing five- and 10-year rankings between the end of the third quarter and the end of the fourth.

Michael J. Corbett, senior analyst with the Mutual Fund Letter in Chicago, notes that these funds may be poised for a run. "Gold in general," he said, "has been in about a 13 year bear market and so all the gold-related funds have done poorly—terribly in the last three, five-, 10-year period. But what you have to look at is what they're doing now."

Meanwhile, funds weighted in other segments may carry poor long-term ratings as a result of managers who are long gone. American Heritage, ranked seventh on Morningstar's 10-year lowest performers, has been doing remarkably well under Heiko Thiemme who took over a few years ago. American Heritage took second place in the highest performers in the three-year ratings, with an average total return of 49.94 a year.

So how do you avoid the less promising funds? Mr. Corbett says that investors should resist the temptation to pick a fund based solely on total return. "We're a big proponent of looking at sectors of the market, as opposed to looking at one particular fund." He suggests people will find more meaningful ratings by checking the performance of a segment, and then comparing the fund's performance against its peers.

The big mystery is why investors continually buy into some of the worst funds. Mr. Corbett has an answer: "They just don't check."

Going Bottom Up?

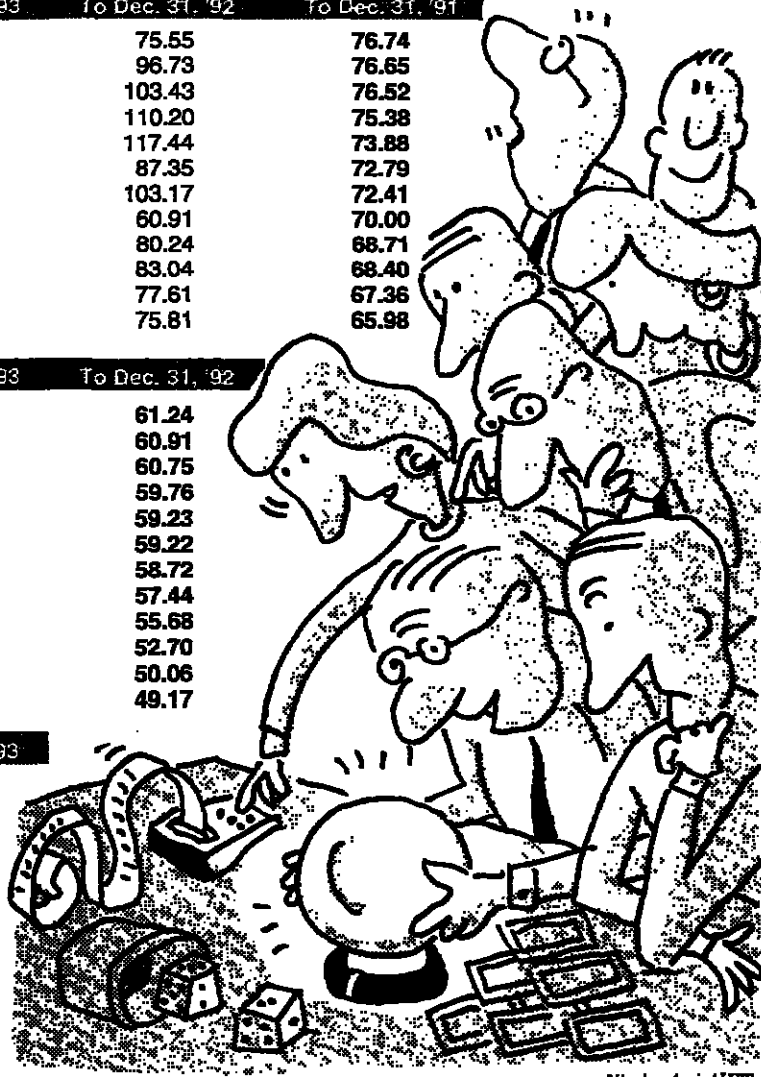
Worst performing mutual funds and their subsequent performance. Value of \$100, income reinvested, excluding charges.

Worst Performers in 1990	To Dec. 31, '93	To Dec. 31, '92	To Dec. 31, '91	To Dec. 31, '90
Formosa Fund	71.90	80.11	104.39	58.15
Sanyo Sector Index: Real Estate	49.28	69.30	108.01	57.62
Lexington Strategic Inv	67.85	39.29	81.07	57.61
Shin-wako Index Open: PubService	57.10	73.35	108.42	56.95
Daiwa Target Index: Steel/Shiplog	41.74	81.41	96.51	56.84
Daiwa Target Index: Util/Transp	57.78	73.76	108.09	56.76
Pacific Niles Fund	98.45	90.30	103.57	56.35
Nikko Sector: Real Estate/Rail	58.66	74.14	114.07	56.28
Technology & Growth	62.78	94.72	127.93	56.20
IFDC Japan	41.36	76.85	91.84	54.32
Daiwa Target Index: Real Estate	51.36	73.49	108.22	53.13
Taipei Fund Nav	73.92	91.30	116.70	51.26

Worst Performers in 1991	To Dec. 31, '93	To Dec. 31, '92	To Dec. 31, '91
Callander Fd (Aust): (Ats) (m)	78.04	75.55	76.74
Actigestion	48.44	96.73	76.65
Fidelity Select-Energy Ser	95.73	103.43	76.52
JF Indonesia	181.54	110.20	75.38
Wardley European Warrant	196.22	117.44	73.88
MGM Special Situations Growth	82.99	87.35	72.79
Dao Heng Asia	168.97	103.17	72.41
Lloyds IP Warrant	79.58	60.91	70.00
Darubia-Invest	97.53	80.24	68.71
Invesco European Warrant	150.00	83.04	68.40
Sirtus 6	56.84	77.61	67.36
Gala Currency Hedge III	20.32	75.81	65.98

Worst Performers in 1992	To Dec. 31, '93	To Dec. 31, '92
CMI Insur Italian Equity	60.85	61.24
Lloyds IP Warrant	113.69	60.91
CMI Gmf Irish Equity	76.09	60.75
CIBC-CEF Spanish	63.41	59.76
GT Berry Japan B	84.24	59.23
GT Berry Japan A	83.88	59.22
SHK Asian Warrant	209.17	58.72
MMWI-Oswa-Fonds	79.27	57.44
K-W Universal-Fonds Os	59.68	55.68
JF Japan Warrants	75.10	52.70
Safit	112.63	50.06
United Serv Gold Shares	110.10	49.17

Worst Performers in 1993	To Dec. 31, '93
Penn Cap Asset Allocation	84.57
Enigma Currency	84.50
Ecu Terminvest Currency	84.33
Kestrel Limited Dlr Shs	84.25
Biotechnology Venture Fund	84.03
Kestrel Limited Stg Shs	83.97
Pilgrim Corp Utilities	82.32
CIBC-CEF French	77.82
Govett Dlr Geared Currency	77.70
Beckman Options & Warrants	77.45
C&C Multi Invest IV	77.40
AIB Property	76.41



Among Mutual Funds on the Bottom, Treasures and Rejects

By Aline Sullivan

FISHERMEN have long been aware that many of the fish prized by restaurants, including Dover sole and turbot, sink on the sea-bed. Much more recently fund managers have begun to wake up to the wealth that can be trawled from "bottom-fishing."

The principle of bottom-fishing in the financial markets is simple. Unlike fish, stocks that have sunk to the bottom of the market have an inbuilt tendency to rise again, either because they are caught up in the upswing of a business cycle or because investors have recognized that they are undervalued. Investors can capitalize on this tendency by putting money into the year's worst-performing funds.

Adrian Tupper, a senior execu-

tive at fund managers James Capel in Edinburgh, said investors are looking at bottom-fishing as part of a general trend away from active fund management. The rationale is that the cheapest funds are the most attractive. If the price of those funds rises above a certain point, the investor will sell automatically and invest instead in underperformers.

"We are setting up indexes for individual funds to track and ones that we can use for a number of funds," said Mr. Tupper. "These mean that clients are trading less and paying smaller commission charges. The constituents of these indexes may change only once a quarter. A lot of fund managers would change positions much more frequently with no better performance."

Bottom-fishing has been particularly popular with investors in

emerging markets. "There is statistical evidence that if an emerging market goes up one year, it will go down the next," said Murray Davey, head of European equities at Kleinwort Benson Investment Management in London. "That is because people get carried away with emerging markets, too enthusiastic about the upsidest and too depressed about the downsidest. The fundamentals get exaggerated."

Mr. Davey has devised a benchmark index that he claims is unique. The index weights the 20 emerging stock markets targeted by the Kleinwort Benson Emerging Market Fund so that no market accounts for more than 10 percent of the whole. Each year, the index is reweighted so that the exposure remains equally divided. The wide spread allows a much greater degree of diversification than with

more traditional emerging market funds and ensures less volatility.

"By rebalancing the index each year we are forced to sell markets that have gone up and put money in those that have gone down," said Mr. Davey. The index provides relatively little exposure in larger markets like Mexico and Malaysia, and more in such small markets as India and Turkey.

Followers of this index will miss out on some of the booms in the big markets, said Mr. Davey, but generally experience better returns than investors following more traditional methods.

Bottom-fishing can also be effective in developed markets where past success can sometimes presage future failure. Peter Warrington of WM Co., an Edinburgh-based fund monitoring firm, said that in a recent study by his firm of 299 British funds fewer than 40 percent remained in the bottom quartile over a two-year period, 9 percent over three years and 4 percent over four years.

The same trend operates in reverse. "If a fund has been set a top

quartile ranking as its target there is only around a 40 percent chance of achieving it in two consecutive years," said Mr. Warrington. For three or more consecutive years the probabilities of an individual fund maintaining top quartile status decline rapidly.

Not everyone is enthusiastic about bottom-fishing in the fund markets. "It is very tempting to buy funds that have performed badly and take profits from those that are doing well," said Keith Falconer, senior investment manager at Martin Currie in Edinburgh. "But investors have to make sure that the funds haven't gone down for good reasons. Bottom-fishing should be

only part of the decision-making process."

Mr. Tupper of James Capel agreed that investors must look at a lot of other factors, not just the most recent performance. "The whole theory is a bit presumptuous," he said.

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Short-Sellers' Puzzle: Not Whether, but Which?

By Conrad de Aenlle

ONE thing that may be more difficult than figuring out when and what to buy is deciding when and what to sell. Worse still may be selling short, the practice of borrowing shares, selling them and then hoping their price will fall before they must be bought back in the open market and returned to their owner.

As the American stock market lingers at valuation levels judged to be excessive if not psychotic, ever more investment newsletters are advocating selling short. In one aspect, this is refreshing. Stockbrokers, the source of much, if not most, advice for retail investors, almost never recommend shorting a stock; they seldom encourage anything but buying.

As well intentioned as newsletter writers may be, however, they do not do an especially good job in their short sale suggestions. A study by the Hulbert Financial Digest, a newsletter that follows the progress of other newsletters, found that subscribers would have done slightly better making random short sales than following the letters' short sale picks.

The digest's editor, Mark Hulbert, examined short sale recommendations made in each of the five years through 1993 by eight

newsletters that regularly issue them. He eliminated stocks selling for less than \$5, as brokers often don't allow clients to short them. That left a database of 1,126 recommendations that he assumed were held for the full calendar year in which they appeared.

The average short sale candidate outperformed the broad-based Wilshire 5,000 index by 0.3 percent—or underperformed by that much from a short seller's perspective. That could add up to quite a large absolute loss, because the Wilshire was up in every one of the five years but one.

Although the group's performance was mediocre, Mr. Hulbert notes there were standouts, good and bad. "This overall average masks a wide variation in individual newsletter performance. Five of the eight in our subset did better with their shorts than they would have by shorting the market itself."

As good as any investment adviser is, it's tough to forecast losers when there are so many more winners out there to be picked, which has been the case for most of the last 20 years.

"Until you have the bear trend going with you, it's difficult to short successfully," advised Bernadette Murphy, a technical analyst at M. Kimmelman & Co. "Short sellers in most cases are eventually correct, but it can be a very exhausting experience, especially

when fighting a major bull trend when investor confidence is high."

Exhausting and risky. One reason that James Stack, editor of InvestTech Market Analyst, has not recommended short sales is that his subscribers, who average 54 years of age, are a risk-averse lot.

"It's not that there aren't profits to be made selling short, but they're investing their retirement money," he said. "Emotionally it can be much more demanding than owning stocks on the long side for several reasons: You are taking what Wall Street commonly views as a negative outlook. The other factor is that in short selling you can lose all of your money and more, although in reality short selling can be done in a relatively prudent manner."

What makes short selling especially risky now, aside from the market going the wrong way, is the fine-tuning of the maneuver known as short squeezing, which turns on the fact that shares must be borrowed to sell short.

"Short sellers have become a target for some traders," Miss Murphy observed. "It started a few years ago. People started tracking what stocks people were shorting, how big the positions were, how many days it took to cover."

When those numbers are high, it means there will be considerable upward pressure on the price when the shares are bought back. To try

to force the issue, groups with lots of money to spend will buy up shares, pushing the price higher. In thinly traded issues, the shorts may find that there are not enough shares around to borrow and so will have to close out their positions.

"You can't short a stock unless you can borrow it," Mrs. Murphy said. "If a stock is locked up by institutions, it's harder and harder to borrow. When the squeeze comes on, it's harder and harder to get out." Because of large institutional holdings, she said, "ganging up on short sellers is much easier."

"As a result, the performance of short sellers in 1993 was not good," she added that the quality of the companies being shorted—and of the people doing the shorting—is almost beside the point in a short squeeze. "Short sellers are usually very good analysts. It's not that they are wrong, it's that other people have targeted them."

Many short sellers may be good fundamental analysts, but their prowess as market technicians is suspect, Peter Eliaides, editor of the StockMarket Cycles newsletter, remarked. Trying to explain the poor performance of his colleagues, he said: "It's probably because people have a tendency to try to sell stocks that have been doing very well, and that's usually the wrong kind of stock to sell. In reality they should be selling on the technical versus

the fundamental side, selling a stock that has shown technical weakness. Newsletter writers are looking for overvalued stocks, the ones that have good momentum. It takes a long time to turn momentum around."

Mr. Eliaides, whose strength is market timing, conceded that he is not the greatest at selecting individual stocks, either to buy or sell, and generally confirms his picks to mutual funds.

Timing is the essential element in short selling, Mr. Stack believes, and it is where most investment advisers go astray. "It's not that they're bad pickers as short sellers, it's that most newsletters are wrong at critical turning points," he said. "They don't recommend short sales until stocks have already locked onto a downturn."

He sees such a downturn looming and, despite having avoided short selling so far, may soon decide to take the plunge before the market does the same.

"We have looked at it probably more intensely than we have in the past, especially in the last few months," he said. "It's probably premature to say we will not recommend them. The reason we have not in the past is we have not dropped into what I would call a major bear market. We did not have the ingredients for a bear market that will take the averages down 40 percent. Today I think we have a very different situation."

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SPORTS

Knocking on Norway's Door: Olympic Hosts Invite the Strangers In

By Ian Thomsen

LILLEHAMMER, Norway — Tufts of his brown hair were rising up in the back and the rest was flattened to his skull. This, to the hundreds of people in the audience and the millions who would hear or read of this meeting, made Vegard Ulvang seem immediately sincere. He greeted the world like someone answering a doorbell.

Come in, have a seat, we will have a conversation.

He hunched forward in his chair, as hosts do when giving full attention to their guests. The spotlight on his smooth, red face identified him as the most popular representative of Norway, a cross-country skier with a fighter's chance of adding to the three gold medals he won in Albertville in 1992. At the same time,

his charisma showed that he is more than an actor for their cameras, an object for applause. He would respect the traditions of his visitors for the next 16 days, he made clear, but they should respect his opinions as well.

The visitors are the 17th Winter Olympic Games, beginning Saturday. He — Norway — had invited them in without thinking to brush his hair.

The International Olympic Committee realized its hosts were atypically independent when a national poll recently suggested that only 6 percent of Norwegians like the IOC president, Juan Antonio Samaranch. They perceive the IOC as self-appointed royalty, a greedy anachronism.

Their view was articulated by Ulvang on television earlier this week. He called the IOC undemocratic and said it was

"bad and perhaps not worthy of sport" that it be ruled by Samaranch, a former official in the fascist Spanish government of General Francisco Franco.

He said it as if talking about house guests, the kind who refuse to do their share of the dishes.

There have since been reports that some IOC members wished to punish Ulvang by preventing him taking the Olympic oath at the opening ceremony on behalf of the 2,000 athletes. In fact, Samaranch has been trying to trim the IOC of some of its extravagances, but has been blocked by the membership. If this continues, the IOC will become as popular as the U.S. Congress. It is not something for them to strive for.

Samaranch and Ulvang met Thursday, and in a written statement the skier, 30, expressed regret if his statements

seemed like a personal attack. "In the interview," the statement said, "I emphasized that Mr. Samaranch must primarily be regarded for his achievements today."

Ulvang also called for a more democratic election system in the IOC, expressed concern about the gap between IOC members and the athletes responsible for the members' high life, and invited Samaranch and his associates to meet the athletes for a meal in their village to discuss the Olympic movement.

"In Norway, we are used to top leaders of sport having a meeting with athletes," Ulvang said Friday at a press conference.

Did Samaranch accept the invitation? "Accept? I think, I think," Ulvang said, nodding.

Even before these Winter Games had

begun, it seemed as if they would introduce a new attitude to "The Movement." By awarding the Games to their most northern site ever — a small town where the people shop on sleds — the IOC was hoping to renew its innocence in some tangible way. Instead, it has come knocking on the door of a country that is not used to visitors.

The Norwegians are as gracious as anyone in the world, but it is their self-reliance that allows them to survive the cold winters of total darkness. They will listen to Samaranch, they will hear him out. But having had his say, he should listen to them, as well, because — invitation or not — he is the one who came knocking, and this is their home.

"It was a very, very friendly meeting with him," Ulvang said, and he shrugged. "I don't see any reason to

emphasize any more about it." The rest of his comments were devoted to skiing. It is the sport through which Norway will introduce itself to the world. The facilities are fresh and beautiful, whether they have been crafted from wood to resemble an overturned Viking ship or carved from the inside of a mountain, but they are only buildings. It is when the cross-country races begin that tens of thousands of Norwegians will come out of the forests and the entire country will seem to dance in the snow.

A writer from Baltimore asked Ulvang, cautiously, "Has the loss of your brother affected your training, and is it true that after the Olympics you will go back to look for him?"

The skier grew quiet. In his broken English he said, "I don't hope it affects my training."

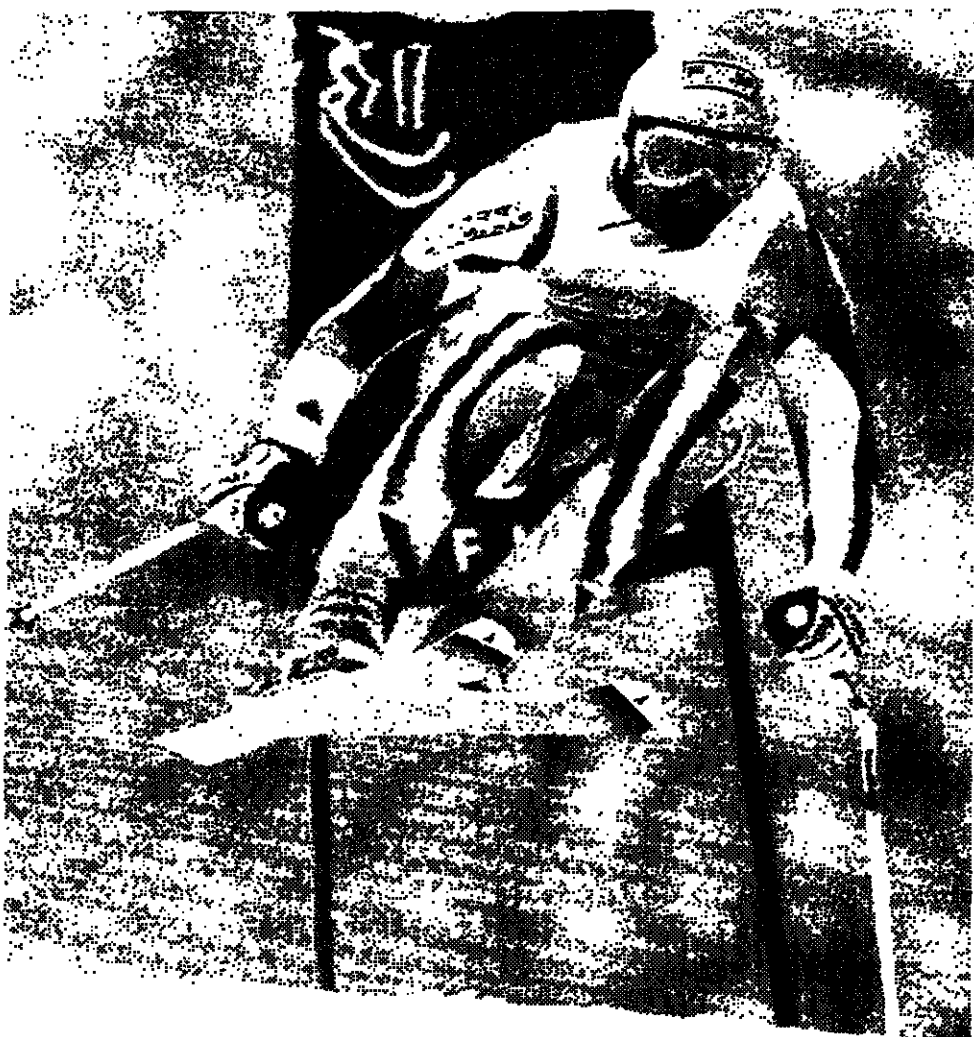
Clearly, he had not anticipated this question.

"It was a big tragedy for me and my family," he added. Kjetil Ulvang disappeared in October while jogging in his hometown in the north, and now his brother was shaking.

"And we will miss him a lot," he was sobbing. "And it is true," he said, hiding his face. "I will return in the springtime, as soon as the snow is gone, to try to find him."

The news conference ended early, and a board of Norwegian reporters converged upon the American who had made their hero cry. Why had he asked that question? Had he been trying to hurt Ulvang?

These are the risks, though, when you open your home to strangers.



Luc Alphand of France taking the air en route to the fastest men's downhill practice time Friday.

Weary USOC Calls Harding Case a 'Distraction'

Compiled by Our Staff From Dispatches

PORTLAND, Oregon — On the eve of the 1994 Winter Games, U.S. Olympic Committee officials said Friday that the Tonya Harding saga had become an unwelcome burden, distracting attention from the competition and becoming a source of irritation for athletes.

"This whole matter has become a tragic aberration," said Paul George, head of the U.S. delegation in Hamar, Norway.

Some senior U.S. Olympic officials even said that it might be less damaging to the Olympics to allow Harding to skate rather than to continue deliberating her status as a member of the U.S. team.

That attitude has gained significant momentum this week as a result of a request by the Olympic committee that she appear at a hearing Tuesday in Oslo to answer questions about her conduct surrounding the assault on Nancy Kerrigan last month.

Harding has denied any involvement in the plot to harm her rival

on Jan. 6 but has admitted she delayed in telling authorities after she learned who was involved.

On Thursday, USOC lawyers asked an Oregon court to dismiss a \$25 million lawsuit Harding filed Wednesday against the committee. In her suit, the skater is seeking \$20 million in punitive damages and a temporary restraining order to block the USOC's Games Administrative Board from holding the hearing in Oslo next week on her Olympic eligibility. In addition to the \$20 million, the suit seeks unspecified compensatory damages that it says will be in excess of \$5 million.

An Oregon judge was scheduled to hear Harding's request for a court order later Friday.

In Norway, U.S. Olympic officials complained that events surrounding Harding were dominating public attention, almost to the exclusion of other athletes and other Olympic developments.

Harvey Schiller, the Olympic committee executive director, said

the legal issues were "beginning to cause a distraction." And members of his public relations staff said many American athletes in Norway, including medal contenders, are being virtually ignored by reporters.

"Yes, it has become a distraction," Schiller said. "This is not where the focus should be. The focus should be on our 100-plus athletes, who are here to be the best in the world. That's why they are here. That's why we are here."

It is that kind of sentiment that is apparently fueling a growing sense among some senior officials that the committee should discontinue the challenge to Harding's eligibility.

"It's an escalating distraction," said one Olympic committee lawyer involved in the case, who asked not to be identified. "I think it's a case of the tail beginning to wag the dog — the dog is the Olympic Games in Lillehammer — and to have this sideshow getting center stage, I think the answer may follow from that. It's getting late. A decision has to be made."

But as the USOC plotted strategies for Friday's appearance in court and for a response to whatever the judge decides, the committee lawyer said he and his colleagues had not necessarily concluded that opposing Harding's participation served the best interest of the U.S. Olympic effort.

"Even if we disagree with the judge's decision, on Friday, how long can we carry this on?" he said. "It has to stop somewhere."

If the committee chooses to respond, it would probably file an appeal to the granting of a restraining order. But Schiller said lawyers were still reviewing other options, including the possibility they would respond to the request for the restraining order by attempting to move the case to a federal court.

The court in which the request for a restraining order was filed lies in the county where Harding and hundreds of her fans live, the nearest federal court with jurisdiction is in nearby Portland.

But the uncertainty he expressed

seemed to mirror the fact that not all members of the legal team have agreed on what to do next.

"Anything is possible," Schiller said. "I wouldn't rule out anything."

Ultimately, the decision of how or whether to proceed would be made by the officers of the Olympic committee, some of whom have, intentionally or otherwise, become involved in the Harding story at other junctures.

The officers are also members of the Games administrative board, which is scheduled to hear the charges against Harding next week.

If the panel were to proceed as planned, Schiller said the burden of proof would be the Olympic committee's, not Harding's, as the panel had initially contended. He said a letter clarifying the point was sent to Harding's lawyers Wednesday.

Schiller also said the committee would not call Harding's former husband, Jeff Gillooly, to appear to testify against her.

(NYT, AP, Reuters, WP)

Oslo Reports Abortion Protesters

The Associated Press

OSLO — Storms over Iceland delayed deportation Friday of 12 American anti-abortion activists who had allegedly planned to stage demonstrations during the Winter Olympics.

The police detained the activists Thursday when they arrived, confiscated items from their luggage and ordered them out on the next available flight to the United States. That flight was delayed.

The 12 said earlier that they either supported or were members of various anti-abortion groups, including Operation Rescue, which have said they would stage demonstrations during the Olympics.

Olympic Event and TV Schedules

Saturday's Events

Opening Ceremonies — 1900.
Ice Hockey — Finland vs. Czech Republic, 1100; Russia vs. Norway, 1730; Austria vs. Germany, 2000.

Saturday's TV

EUROPE

All times are local

Austria — ORF: 1545-1845, 2000-2300, 2055-2330.

Belgium — RTB: 1215-1715; BBC2: 1500-1700, 2040-2025.

Bulgaria — BNT/Channel 1: 1700-1900; Channel 2: 2030-2130, 0030-0100.

Croatia — HRT/TV2: 1500-1925, 2330-2400.

Cyprus — CYBC: 1700-1900, 0030-0100.

Czech Republic — GTV: 1145-1800, 2330-2400.

Denmark — DR: 1545-1800.

Estonia — ETV: 1650-1900.

Finland — TV1: 1245-1530, 2050-2115; TV2: 1645-1800.

France — FR3: 0900-1000, 2345-0145; TF1: 1550-1805.

Germany — ARD: 1145-1430, 1545-1815, 2055-2330, 2310-2400.

Greece — ERT: 1700-1900; ET1: 0030-0100.

Hungary — MTV/Channel 1: 2005-2200; Channel 2: 1550-1800.

Iceland — RUV: 1700-1845, 2315-2345.

Italy — RAI1: 1600-1800; RAI3: 1730-1800.

Latvia — LTV: 1655-1900, 2330-2400.

Lithuania — LRT: 1700-1900.

Luxembourg — CLT: Highlights on evening news, 1900-2000.

Macedonia — MKRTV/Channel 1: 0855-1130, 0950-1215, 1355-1630.

Norway — NRK: 1715-1745, 1755-1830, 2330-2300; Channel 2: 0855-1030, 1355-1720.

Poland — TVP/PR1: 1555-1800, 2205-2305; PR2: 0005-0135.

Portugal — TV2: 2300-2330; RTP1: 1100-1130.

Romania — RTVR: 1700-1800, 0030-0100; Channel 2: 1355-1630, 1755-1800.

Russia — RTT: 1600-1645, 2200-2300, 0030-0230; RTR: 1150-1400, 2210-2240, 2330-0040.

Slovakia — STV/SK: 0850-1250, 1455-1845.

Slovenia — RTVSL: 0835-1750, 1955-2320.

Spain — RTVE: 1000-2400.

Sweden — SVT/TV2: 0945-1145; Channel 1: 1145-1230, 1445-1730.

Switzerland — TSR/TSR/DRS: 1000-1200-2400.

Turkey — TRT: 1700-1900, 0025-0230.

Ukraine — DTRU/UT1: 1700-1900, 0030-0100.

European — 1200-1430, 1800-continuous coverage.

ASIA/PACIFIC

All times are local

Australia — Channel 9: 2030-0100.

Canada — TV: 2130-2400.

Japan — NHK: 2200-2400, 2400-0200 (general); 1230-1500, 1800-0830 (satellite); 1900-1500, 1900-2200 (Hi-Vision).

South Korea — KBS: 2350-0210; MBC: 2400-0130.

Star TV — 2300-0100.

NORTH AMERICA

All times are EST

Canada — CTV: 0900-1800.

United States — CBS: 0900-1100, 2335-0035.

Mexico — Televisa: 1100-1400, 2200-2230.

ASIA/PACIFIC

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Canada — CTV: 0900-1800.

United States — CBS: 0900-1100, 2335-0035.

Mexico — Televisa: 1100-1400, 2200-2230.

ASIA/PACIFIC

All times are local

Australia — Channel 9: 2030-0100.

Canada — TV: 2130-2400.

Japan — NHK: 2200-2400 (general); 1230-1500, 1800-0830 (satellite); 1900-1500, 1900-2200 (Hi-Vision).

South Korea — KBS: 2350-0210; MBC: 2400-0130.

Star TV — 2300-0100.

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